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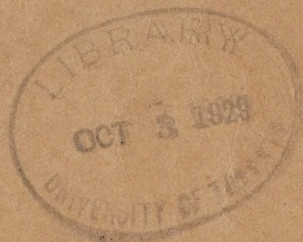
Markets of Central America

(Guatemala : El Salvador : Honduras : Nicaragua : Costa
Rica : Panama : British Honduras)

By C. NOËL WILDE

Canadian Government Trade Commissioner in Mexico

Price 25 cents



DEPARTMENT OF TRADE AND COMMERCE
OTTAWA, CANADA

Hon. JAMES MALCOLM, Minister F. C. T. O'HARA, Deputy Minister

COMMERCIAL INTELLIGENCE SERVICE
C. H. PAYNE, Director

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REPRINTED FROM THE
"COMMERCIAL INTELLIGENCE JOURNAL "

DEPARTMENT OF TRADE AND COMMERCE
COMMERCIAL INTELLIGENCE SERVICE
OTTAWA, CANADA

1929

MARKETS OF CENTRAL AMERICA
(continued) : El Salvador : Honduras : Nicaragua : Costa
Rica : Panama : United States

A. C. G. W. L. W.
Central American Republics



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MARKETS OF CENTRAL AMERICA

INTRODUCTORY.....	7
GUATEMALA:	
I. General.....	9
II. Natural Resources and Exports.....	12
III. Imports.....	14
IV. Tariff and Documentation.....	26
V. Representation, Advertising and Trade Marks.....	29
EL SALVADOR:	
I. General.....	33
II. Natural Resources and Exports.....	38
III. Imports.....	40
IV. Tariff, Packing, and Documentation.....	42
V. Representation, Advertising and Trade Marks.....	47
HONDURAS:	
I. General.....	50
II. Natural Resources, Exports and Imports.....	53
III. Tariff and Documentation.....	58
IV. Representation, Advertising and Trade Marks.....	59
NICARAGUA:	
I. General.....	62
II. Natural Resources and Exports.....	65
III. Imports.....	67
IV. Tariff, Documentation and Representation, etc.....	71
COSTA RICA:	
I. General.....	76
II. Natural Resources and Exports.....	80
III. Imports.....	81
IV. Tariff, Documentation and Representation.....	87
V. Advertising, Trade Marks, Cost of Living.....	90
PANAMA:	
I. General.....	91
II. Natural Resources and Exports.....	93
III. Imports.....	94
IV. Tariff, Documentation, Representation and Advertising.....	98
BRITISH HONDURAS:	
I. General.....	101
II. Natural Resources and Exports.....	104
III. Imports.....	106
IV. Tariff, Documentation and Representation.....	114
V. Advertising, Trade Marks, Cost of Living.....	116
TRAVEL AND EQUIPMENT FOR TRAVEL IN CENTRAL AMERICA.....	118
STATISTICAL SUMMARY.....	121
INDEX	123

PREFATORY NOTE

This report is based on a tour undertaken by Mr. Wilde in the summer of 1928, when the seven countries included in his itinerary were investigated in behalf of Canadian trade.

MARKETS OF CENTRAL AMERICA

INTRODUCTORY

Mexico City, October 1, 1928.—The area dealt with in the following reports comprises the "Five Republics" of Guatemala, El Salvador, Honduras, Nicaragua, and Costa Rica, together with the Republic of Panama and the Crown Colony of British Honduras. The territory comprised in these seven countries extends in a generally southwesterly and westerly direction from the southern extremity of Mexico to the westernmost point of Colombia, and embraces an area of some 216,420 square miles. The total population is approximately 6,440,000, or 40 per cent of that of Mexico.

Owing to wide variations in political, financial, and trade conditions, it is impossible to consider the countries as a unit from the commercial point of view. There are, however, certain facts of a geographical and historical nature which are common to the whole area, and a knowledge of these is essential to a complete understanding of their position as trading communities. Geographically, Central America may be divided into three well-defined zones, which are quite independent of political divisions. On the Atlantic side, facing the Caribbean Sea, the greater part of the area consists of low-lying plains, interspersed with impenetrable jungles, dense forests, and pestilential swamps. It is only within comparatively recent years that these plains have become populated to any extent through their development for agricultural purposes, but they still remain largely in their primitive condition, with few settlements and practically no modern means of communication with the interior.

These plains extend inwards to a varying distance, when the land gradually rises to the Central American Cordillera—a range of mountains which roughly parallels the Pacific coast, and forms an extension of the Rocky Mountain chain of Canada and the United States, and the Mexican Cordillera; this range of mountains constantly divides into subsidiary chains, and as it approaches the borders of Honduras and Nicaragua turns towards the east or Atlantic side; the physical result of this formation is that the latter country consists largely of low-lying plains, even on the Pacific side, which are occupied by extensive bodies of water (lakes Nicaragua and Managua) but little above the sea-level.

On the Pacific side there is a strip of land of varying width, forming the third physical zone above referred to. Here the climate, though hot, is healthy and dry, and quite suitable for settlement.

The geographical conditions here outlined have influenced the historical and commercial development of the Central American republics to a profound degree. A brief explanation of this aspect of the situation follows.

Centuries before the Spanish Conquest in 1524, the westernmost portion of Central America was inhabited by semi-civilized Indian tribes occupying large and populous cities, and devoting themselves to agriculture, building, and religious observances. These cities had been abandoned long before the conquest, but a native population still existed in the rich valleys and plateaus of the Cordilleras, where the decomposed lava of the volcanic ranges provided a marvelously fertile soil, and the altitude above sea-level modified the intense heat of the coast. It was in this area that the Spanish conquerors formed their first settlements and built up the cities which subsequently became the chief centres of administration and commerce.

The point to be borne in mind is that this population faced the Pacific Ocean. Wide stretches of impenetrable forest made it almost impossible to reach the Atlantic overland. The situation was made more difficult by the restrictions imposed by the Spanish Government on foreign commerce. All trade with Central and South America had to pass through Panama City, and was permitted with Spain alone; the expense of transport to Europe via this route was absolutely prohibitive. Thus, there arose a self-centred community, with little foreign trade, shut off from European markets, and dependent almost entirely on its own efforts for the means of existence.

Those Central American countries which are now known as the "Five Republics" secured their independence from Spain in 1821, without the firing of a shot, but the political disturbances which ensued for the next half century are sometimes considered to have had a retrogressive influence rather than the opposite. It was only the construction of railways to the Atlantic coast in comparatively recent years, together with the opening of the Panama Canal, which enabled the republics to become of any importance as commercial nations. An additional influence in recent progress has been the discovery of means of combating the tropical diseases prevalent in the Atlantic area, and the simultaneous development of certain portions of this coast as a source of supply for a number of tropical agricultural products which are in wide demand in temperate regions. The principal reason, however, for the recent rapid advances which have been made in the foreign commerce of Central America is found in the development of coffee plantations. The soil and climate on the Pacific slopes are ideally suited to the cultivation of this crop. The high prices obtainable during the past few years in both Europe and North America have led to a great expansion of exports, and this has made funds available for the import of foreign goods. In addition, many of the "finqueros" (owners of coffee estates) have been able to travel abroad, and have sent their children to be educated in foreign countries; as a consequence, a higher standard of living has developed—a further impulse to increased imports. This tendency is still in its early stages, and is confined largely to the more progressive cities, but it seems clearly destined to work a great change in the mode of life of a large part of the population. The next ten years should see a rapid increase in foreign trade, and there is every reason to suppose that Canada can secure her share of it.

GUATEMALA

I. GENERAL

GEOGRAPHICAL

Guatemala, although not the largest of the Central America republics, is usually considered the most important from the commercial point of view. It contains nearly 40 per cent of the total population of the isthmus, and in both exports and imports it leads its nearest competitor by several millions of dollars.

Geographically considered, it is bounded on the northwest and north by Mexico, on the east by British Honduras and the Caribbean Sea, on the west by Honduras and El Salvador, and its southern coast is washed by the waters of the Pacific. Its total area is estimated to be 48,290 square miles, and the population is about 2,450,000. In general physical conformation, the country is traversed in a southwesterly direction by a range of mountains—the Central American Cordillera. Interspersed between the mountain ranges are numerous valleys, at elevations ranging from 1,500 to 7,000 feet; in consequence of their altitude, the temperature in these valleys is much lower than it is on the sea-coast, and the soil is ideally suited to cultivation; for these two reasons it is in these areas that the bulk of the population is concentrated.

On the Atlantic coast large areas have been cleared and planted with bananas, and a number of important towns have sprung up in connection with the cultivation and shipment of this fruit. On the Pacific side the coastal plain extends inwards to an average depth of from 40 to 50 miles. The climate here is hot, but is generally considered more healthy, and drier, than on the opposite coast. The area still, however, awaits development.

The country is well watered by rivers, which fall rapidly to the sea on the Pacific side; on the Atlantic side their course is more leisurely, and many of them attain considerable size; none of them are, however, navigable by large vessels.

Every variety of climate is met with in Guatemala. In the low-lying coastal plains it is tropical, and in parts torrid. On the mountain slopes, at an elevation of from 4,500 to 5,000 feet, it is of a mild, spring-like warmth; at an altitude of 7,000 feet and upwards it is cold. In general, the temperature in the main centres of population is distinctly agreeable, and there is a remarkable freedom from the usual diseases which are popularly associated with a tropical country.

HISTORICAL

In 1524, when the Spanish conquerors descended on Guatemala from Mexico, they found a dense native population of a comparatively low type, and it is the descendants of these natives who form the bulk of the present population.

The republic, as it exists to-day, was formed in 1847, but its history for many years was one of internal disturbance, combined with administrative corruption, and inefficient government. During the early years of the present century the iron hand of Cabrera ruled the country, but in the year 1919 an opposition party, known as the "Partido Unionista", overthrew the President, who had then been in power for 22 years. The new Government soon revealed its lack of executive experience, and great disorganization followed in consequence. In July, 1920, a number of Cabrera's followers reorganized their party, and in

December, 1921, succeeded in overthrowing the existing Government. In February of the following year José Mora Orellana was elected President. The government instituted by him was a mild tyranny, but the people enjoyed a greater degree of liberty than had previously been the case; during his administration the monetary system was rehabilitated, new banking laws introduced, and the Central Bank established.

Orellana was succeeded by General Lázaro Chacón, who became President in March, 1927. Having no political antecedents, he had no political enemies, and received the support of all parties with the exception of the extreme radical wing. Under his regime freedom of the press has been permitted and other reforms have taken place.

It must not be supposed that political conditions in Guatemala have such an effect upon commerce as is found in other countries, and notably in the case of Mexico. The political situation is usually the concern of a small number of people, and affects the commercial operation of the country to a limited extent only. There appears to be no doubt, however, that the reform of the currency and the renewal of the payment of interest on the foreign debt have had an excellent effect, and given a feeling of stability which has been lacking in the past.

CURRENCY

The unit of currency in Guatemala is the "quetzal", the mint par of which is exactly equal to that of the Canadian dollar. There are also the usual fractional subsidiary coins in use, and United States currency circulates freely at the same rate as the "quetzal". Canadian currency is not accepted.

Side by side with the "quetzal" circulates an old form of paper currency, the unit of value of which is the silver peso; this was originally equal in value to the United States dollar, but being based on the silver standard, it gradually depreciated with the fall in value of that metal. In order to remedy this situation, a new monetary law was passed in the year 1924, which established the convertible gold "quetzal" and fixed the rate of exchange of the depreciated peso at 60 to 1. At the same time, the old banks (six in number) lost their right to issue paper currency, and the privilege was reserved to the Central Bank, formed for the purpose. Payments may be made indifferently, however, in quetzales, American dollars, or pesos (at 60 to the quetzal), or in a combination of all three, as may be convenient to the buyer.

The "quetzal" is guaranteed by a reserve of 40 per cent, the necessary funds being originally secured by a tax upon the export of coffee of 50 cents per quintal, which was later increased to \$1; this export tax is still in force, and new notes are issued as funds become available. The amount of currency of all types in circulation at the end of last year was \$13,004,610.

BANKING

There are a number of local banks in Guatemala, all of which have their headquarters in Guatemala City. The names of the most important, together with the amount of their deposits at the end of February, 1928, are as follows:—

	Deposits
Anglo South American Bank, Ltd.	\$2,540,000
Banco Central de Guatemala	2,126,000
Banco de Occidente, Suc.	2,100,000
Schulbach Sapper y Co.	1,790,000
Rosenthal e Hijos	1,430,000

In general, rates of interest in Guatemala are high, ranging from 10 to 12 per cent per annum on commercial loans. On very good security, accommodation may be obtained at 9 per cent, but lower rates than this are exceptional.

Further information on this subject may be obtained on application to the Department of Trade and Commerce, Ottawa, quoting Appendix "A".

TAXATION

The public revenue of Guatemala is derived principally from import and export duties, liquor and excise taxes, consular fees, and a number of minor taxes upon stamped paper, etc. In general taxation is low, and is by no means a heavy burden upon the community at large. The public finances may also be considered as in a satisfactory condition, more especially with regard to the exterior debt, the renewal of payment of which has recently been undertaken.

The following statement gives the revenue for the year 1927:—

Import duties	\$5,860,000
Export duties	2,444,000
Liquor and excise	2,507,000
Stamped paper	947,000
Consular fees	529,000
Telegraphs	319,000
Postal service	208,000
Sundry receipts	200,000
	<hr/>
	\$13,014,000

COMMUNICATIONS

There is at present no direct steamship service between Canada and Guatemala. Canadian Government steamships ply between Atlantic coast ports and Belize (British Honduras), and this port is some eight hours from Puerto Barrios by trading schooner. Fruit steamers also occasionally ply between these two ports, but the service is irregular. The best means of approach on the Atlantic side is via New York, whence the steamers of the United Fruit Company sail fortnightly to Puerto Barrios, the journey taking ten days; there are also weekly sailings from New Orleans to the same port—a journey of four days. On the Pacific coast the best means of approach is via San Francisco, whence the vessels of the Panama Mail Steamship Company leave for the Pacific ports of Champerico and San José approximately once every three weeks. The journey occupies from eleven to thirteen days.

So far as communications in the interior are concerned, there is a good rail service from Puerto Barrios on the Atlantic side and from San José on the Pacific to Guatemala City. A line from Ayutla, on the Mexican border, connects with the latter route at Escuintla, and also gives access to the Pacific coast ports of Champerico and Ocos. A line is also being constructed from Zacapa (between Puerto Barrios and Guatemala) to the frontiers of El Salvador, which will give direct access by rail to the capital of the latter country. This system is of 3-feet gauge, and is operated by the International Railways of Central America.

There are a few fair highways in the republic, the most important being that from Guatemala City to the frontiers of El Salvador, whence connection is made via Santa Ana with the capital of the latter country. This forms a rapid and convenient means of communication, by automobile or motor bus, between the two republics, and on account of the saving of time is frequently preferred to the alternative rail and steamer route. Another highway connects Guatemala City with the old capital of Antigua, while a third runs from Guatemala City to Chimaltenango.

PRINCIPAL CITIES

For administrative purposes, Guatemala is divided into twenty-two departments, controlled by a central administration which is situated at Guatemala City.

Appended is a list of the principal cities and towns, together with brief notes in regard to their importance from the commercial point of view.

Guatemala City, the capital of the country, is by far the most important as a trading centre. All banks and the majority of the commercial houses have their chief offices here. It is distant by rail 198 miles from the Atlantic, and 75 miles from the Pacific. The population is 116,000. There are a number of excellent hotels, and living conditions are quite satisfactory. Access is by Puerto Barrios on the Atlantic side, or San José on the Pacific; there is also rail connection with the National Railways of Mexico via the border town of Ayutla.

Quetzaltenango, the second city of the republic, with a population of 30,000, is situated 7,350 feet above sea level. It is the centre of an important coffee-growing district and well worth a visit by commercial travellers who desire to canvass Guatemalan markets in detail.

Coban is of importance as the capital of the Department of Alta Verapaz, and the centre of a rich agricultural area. The population is about 27,000, and it is situated 4,000 feet above sea level.

Antigua, the former capital, was destroyed by earthquake in 1773, and now has a population of 10,000. There are a number of large coffee "fincas" in its vicinity.

Retalhuleu, a city of some importance, with a population of 14,000, on the railway to Quetzaltenango, is the centre of a coffee and sugar district.

Puerto Barrios, the chief port on the Atlantic coast, on the Gulf of Amatique, is connected by rail with the capital. It derives its chief importance from the fact that it is the principal port of entry for the republic and the centre of the banana growing and exporting industry for Guatemala. It has good wharfage facilities for large steamers.

San José is the chief port on the Pacific coast, and is connected with the capital by rail. There is a good pier, but lighterage is necessary. A large export trade is done here in coffee and other commodities. The population is 1,500, and the local trade is small.

Champerico is also a port on the Pacific coast, and is the most direct means of approach to Quetzaltenango. The population is 1,500, but apart from the fact that it is a port of entry, the town is of little importance from the commercial point of view. Lighterage is necessary.

II

Natural Resources and Exports

Guatemala is exceedingly rich in natural resources, both agricultural and mineral. The principal crop is maize, which forms the staple food of the population; practically the whole of the production is consumed locally. Coffee, however, is the product to which Guatemala is indebted for its present prosperity, and upon which it depends for its future. In the year 1926, about 950,444 quintals (one quintal equals 101.4 pounds) were exported—i.e., about 48,000 tons. It is estimated that the total number of estates exceeds 1,500, and the total number of trees planted approaches half a billion. About 50 per cent of the estates are owned by natives, the remainder being in the hands of foreigners—principally Germans. The crop is usually financed by the local banks, which charge interest on loans at about 10 per cent per annum. The

principal foreign buyers maintain offices in Guatemala City throughout the year, though it is also a custom for agents to visit the country during the buying season. Purchases may also be made by correspondence, and this is especially the case with the large producers, who submit samples to buyers in Europe and the United States and quote prices c.i.f. to any desired port. Shipment is made in jute bags of 150 pounds net weight. The principal market for Guatemalan coffee was until recently the United States, which took 48 per cent of the crop in 1926. Germany took 35 and Holland 11 per cent; the remainder was divided among other European countries. It is stated, however, that during the past two years a decreasing proportion has gone to the United States, and that Europe at present is the chief market. Present quotations for good washed Guatemalan coffee are about 28 cents per pound c.i.f. European ports, and for forward delivery 31 cents c.i.f.

Bananas form the second most important crop. These are practically all grown on the Atlantic coast, and the business is exclusively in the hands of one firm, which controls the industry from the growing of the fruit to the sale to retailers. It has recently been found that the low-lying lands on the Pacific coast are also suitable for banana cultivation, and applications have been made to the Government for concessions for the construction of a port and railway to develop the traffic. The shipment of bananas has increased rapidly during the past few years, the total number of bunches exported during the year 1914 being 2,816,100, as compared with 5,561,066 during 1926. The whole of the exports are taken by the United States.

Sugar is also a valuable crop. The area planted is about 27,000 acres, and the total yield is about 120,000 tons. The greater part is consumed locally, but there is always a balance available for export, and this has recently been taken by Germany. During the past six years annual exports of sugar have averaged 8,755 tons.

Chicle, the raw material for chewing gum, is obtained from the sapodilla tree, and is collected in the forests by contractors, who are employed for the purpose by agents of the buyers in the United States. In 1926 the exports of chicle amounted to 22,433 quintals, of a total value in excess of \$700,000.

Hides are exported to a certain extent, the principal market being found in Germany. These hides are bought direct from the slaughter houses by a limited number of buyers, and are shipped abroad when a sufficient quantity has been obtained. In 1926, 9,792 quintals of hides were exported.

Timber (mahogany and cedar) is also exported, principally to the United States.

Among other natural products which are grown for either local use or export may be mentioned rice (6,400 acres), wheat (20,000 acres), potatoes, honey, cocoa, and beans.

Deposits of gold, silver, copper, lead, and iron are known to exist, but they remain practically unworked owing to difficulties of transportation. The country has been prospected for oil, but so far without success, although bitumen has been discovered in the district of Verapaz.

Manufacturing industries in Guatemala have hitherto been developed on only the smallest scale. There are cotton mills near Quetzaltenango, a few flour mills, breweries, soap and candle factories, and tobacco is manufactured locally. Saddlery, shoes, pottery, straw hats, bags, and baskets are made by natives. There appears to be a wide field here for the investment of foreign capital, which will undoubtedly enter the country if the stable conditions at present ruling are found to be permanent.

The following table gives the exports of Guatemala for the years shown, together with the destination of the principal items for 1926:—

	1920	1926	Destination
Coffee .. quintals	942,055	935,294}	United States, 48%; Germany, 35%; Holland, 11%.
\$	14,093,084	23,353,948}	
Bananas bunches	2,179,942	5,561,066}	United States, 100%.
\$	990,138	2,780,533}	
Sugar.. quintals	214,074	157,621}	Germany, 74%; United States, 10% Honduras, 10%.
\$	1,070,372	788,105}	
Chicle ..quintals	8,111	22,433}	United States, 100%.
\$	259,571	717,885}	
Lumber ..ft. b.m.	9,020,233	5,560,202}	United States, 98%.
\$	451,011	278,010}	
Gold. . . ounces	320	21,216}	United States, 100%.
\$	6,400	424,320}	
Hides ..quintals	19,927	9,792}	Germany, 97%.
\$	398,557	195,892}	
Honey ..quintals	4,057	20,559}	Germany, 84%; England, 15%.
\$	32,849	123,356}	
All others .. . \$	800,923	306,000	
\$	18,102,905	28,968,049	

III

Imports

Guatemala is not a manufacturing country, and has to import practically all its requirements beyond those necessary for the maintenance of life. Hence the import statistics reflect very clearly the material progress of the country. The following statement gives the values of imports for the years shown:—

	1922	1924	1926
Cotton goods	\$2,778,059	\$ 4,212,377	\$ 4,143,628
Linen, hemp and jute	71,065	330,402	423,254
Woollen goods	143,419	269,727	416,976
Silk goods	110,513	144,202	445,442
Iron and steel	593,322	580,792	1,870,826
Copper, tin, lead and alloys	24,375	118,923	92,803
Machinery	477,428	598,396	558,910
Railway material	99,150	810,019	602,997
Foodstuffs.. . . .	462,493	814,686	1,745,313
Flour, wheat	619,419	777,188	1,386,781
Beverages	351,229	392,423	550,047
Timber	2,835	134,002	110,528
Wood and iron goods.. . . .	147,700	1,345,399	1,817,141
Drugs and medicines	408,261	384,968	477,090
Glass, china and earthenware.. . . .	199,900	249,210	318,664
Leather and fur	100,694	181,198	236,927
Paper, stationery, etc.	277,059	348,865	420,811
Petroleum products.. . . .	140,263	270,637	1,939,646
Coal.. . . .	5,015	9,166	1,967
Sundries	1,425,758	2,576,136	3,524,427
Total	\$8,437,957	\$14,548,716	\$21,084,178

Statistics are not available for a period later than the year 1926, but unofficial reports indicate that imports are still increasing. The total values of both exports and imports for 1922-26 are appended:—

	Imports	Exports
1922	\$ 8,437,957	\$11,646,414
1923	10,840,781	14,725,331
1924	14,548,716	24,457,279
1925	18,557,493	29,654,301
1926	21,084,178	28,968,049

The following statement indicates the sources of origin of imports:—

	1922		1926		Increase	
	Value	%	Value	%	Value	%
United States	\$5,315,560	63	\$11,407,106	54	\$ 6,091,546	48
Great Britain	1,279,304	15	2,687,387	13	1,408,083	11
Germany	959,928	11	2,577,058	12	1,617,130	13
Other countries	883,165	11	4,412,627	21	3,529,462	28
	\$8,437,957	100	\$21,084,178	100	\$12,646,221	100

It will be observed that although the United States is maintaining her lead, her share of the trade is decreasing in proportion to the total. Germany's increase is attributed to the fact that Germans are taking an increasing interest in the coffee industry, and naturally purchase their requirements from their own country wherever possible. The notable increase in the imports from "Other countries" is attributable to imports of petroleum products from Mexico, which rose from about \$40,000 in 1922 to \$1,816,883 in 1926.

Imports from Canada are very seldom shown separately in the statistics published by the Guatemalan Government. The following statement, however, gives the figures according to Canadian official returns, for the fiscal years ending March 31:—

1922	\$ 54,164
1923	86,808
1924	76,446
1925	229,153
1926	152,329
1927	218,383

Even these figures are below the real values, as commodities may frequently be found in Guatemala of Canadian origin, which investigation shows to have been purchased in the United States.

TEXTILES

Textiles form the largest item of imports into Guatemala. Their variety is so great that it is impossible to specify each item in detail, but the principal imports under each heading were as follows in the year 1926:—

Cotton—	
Piece goods—	
Bleached	\$ 449,581
Dyed	442,869
Unbleached	345,771
Stamped	243,289
Woven in patterns	236,228
Dyed in the piece	331,467
Drill	541,192
Thread	634,043
Yarn	114,201
Blankets	88,751
Blue denim	68,030
Shirts	74,500
Sundries	593,706
Total	\$4,143,628
Linen and jute—	
Thread	\$ 20,453
Sacks, empty	375,746
Sundries	27,055
Total	\$ 423,254
Woollen goods—	
Cashmeres	\$ 204,531
Thread	41,220
Manufactured woollen goods	17,228
Overcoats	10,116
Shirts	7,892
Blankets	5,348
Sundries	130,641
Total	\$ 416,976
Silk, etc.—	
Artificial silk tissues	\$ 250,568
Silk tissues	48,425
Shawls	26,404
Shirts	9,627
Sundries	110,418
Total	\$ 445,442

Competition in textiles is exceedingly keen, and exporters who desire to enter the market will find it necessary to study conditions on the ground in order to meet with any degree of success. The methods adopted in connection with importation have undergone great changes during the past few years, more especially in regard to cotton. Prior to the war, and in the years immediately following, the business was conducted by a number of influential German houses, who imported in wholesale quantities. The retail trade was largely in the hands of Chinamen, who kept small stores in all parts of the country, and purchased their requirements from the wholesalers. In course of time these Chinese houses began importing on their own account, and as their commercial standards were considered exceptionally high, capital and credit were readily obtainable for their operations. This new factor had a serious effect on a number of the large German houses, and some of them have abandoned the trade.

During the past seven years there has been an influx of Syrians and Turks, who are very active tradesmen. This competition has in turn influenced the Chinese trade considerably, and it is only the exceptional Chinese merchant who is able to compete at the present time. It is stated, however, that only a limited number of the Syrian houses can be recommended as credit risks, although possibly one or two are of fair standing.

The method of purchasing cotton goods varies. In the first place, large foreign manufacturers are represented by local agents, who sell to the firms referred to above. In addition, a number of German firms deal direct with manufacturers, getting in touch with them by taking trips to Europe. The Syrian adopts a more economical method, purchasing through relatives in Europe who keep in touch with local conditions.

GOODS IN DEMAND

Up to eight years ago the Indian purchased what were known as Indianas—cheap cotton goods from the United States, costing about 8 cents a yard. More recently the preference has been for gingham, which are more expensive, but have greater wearing qualities; patterns in square designs are popular. There is also a large sale for cotton and artificial silk mixtures, containing from 12 to 50 per cent of the latter; these are popular among the servant classes, and are usually supplied in bright colours with figured designs; the f.o.b. price of these is about 22 cents per yard, 36 inches wide.

Imports of Nottingham lace have declined to probably 5 per cent of their former value, and their place has been largely taken by Swiss embroidery of the cheaper grades.

A coarse cotton cloth known as "manta cruda", and used for the clothing of the native Indian, comes from the United States; Japanese competition has, however, recently made itself felt, and it appears that the trade is gradually passing to the latter country. Japan also exports drills of low quality, and spinning thread, which is used by the Indian in making his own cloth.

The demand for woollen goods is naturally less than that for cotton, as the Guatemalan climate renders warm clothing unnecessary throughout the greater part of the country. It is stated that the demand for cashmeres is declining, except among the foreigners and the upper-class natives. The cheaper qualities, for the upper working and middle classes, come from Belgium and Italy. The prices of English materials are usually considered too high. For the Indian and lower-class native, considerable quantities of imitation cotton cashmeres are imported, also from Belgium and Italy. A quantity of denim and khaki is imported from the United States, and is used for the army and police forces.

The silk and fancy goods trade is almost entirely in the hands of Syrians and Turks, who make a special study of the market and import all the latest novelties as soon as they are obtainable. It should be noted that silk goods are usually imported by parcel post, on account of the quicker delivery thus obtained.

It would appear that the market for textiles is well worth examination by Canadian manufacturers. The best method of approach, in view of the keen competition, appears to be by means of the personal visit of an experienced representative. If conditions were found to be favourable, an agent should be appointed, who should be kept constantly supplied with samples of the latest patterns and designs, together with catalogues and price lists. Generally speaking, the best opportunities for Canada appear to be in cotton drills, piece goods, and in artificial silk goods.

IRON AND OTHER METALS, MACHINERY AND RAILWAY EQUIPMENT

Among the more important items included under iron and other metals, machinery and railway equipment may be mentioned the following (the values representing imports for the year 1926):—

Railway material.. . . .	\$ 602,998
Electrical apparatus.. . . .	369,636
Power machinery.. . . .	502,233
Automobiles.. . . .	469,616
Galvanized sheets.. . . .	297,829
Motor trucks.. . . .	283,320
Automobile accessories.. . . .	172,878
Tools for agriculture.. . . .	161,762
Tools for mechanics.. . . .	107,860
Machetes.. . . .	30,394
Domestic utensils.. . . .	179,822
Tubes and pipes.. . . .	140,391
Manufactured ironwork.. . . .	129,598
Sewing machines.. . . .	101,379
Ploughs and agricultural machinery.. . . .	75,996
Fence wire.. . . .	95,865
Typewriters.. . . .	88,618
Hardware.. . . .	53,580
Nails, etc.. . . .	30,859
All other.. . . .	1,048,043
Total	\$4,942,677

Railway Material.—The railways of Guatemala are under the control of foreign companies, and their purchasing offices are in New York. As has already been stated, they are of 3-foot gauge, and necessarily all rolling stock must be manufactured to conform to these dimensions. It does not appear practicable to sell railway equipment other than minor supplies through local agents in Guatemala.

Electrical Equipment.—The electric power plants of Guatemala are, as a rule, also in the hands of foreign companies, who produce current for both power and light in many of the larger cities. The total generating capacity of the three plants which supply Guatemala City is 11,300 h.-p., the voltage on the main transmission lines being 66,000, which is stepped down to 4,000 volts on the primary circuit, and supplied to users at 220 volts for motors and 110 volts for lighting purposes. The company has show rooms in Guatemala City, where the usual household equipment, lamps and other accessories, are retailed. Practically all the large "fincas" have their own electric light installations, the dynamos being run by hydraulic power. Electric household utensils are used, but the demand at present is insufficient to make any special efforts to introduce new brands worth while.

Power Machinery.—Among the principal items are coffee machinery, which comes from England and Germany; sugar machinery, which is imported from England, the United States and Germany; and a large variety of small “prime movers” of all kinds. Imports are generally made through agents, and it would appear that Canada could only compete in minor items, as she is not equipped to manufacture the type of machinery most in demand on the large estates, such as coffee and sugar “fincaes.”

Automobiles.—The total number of automobiles in use is estimated to be from 1,500 to 2,000, principally in the capital and the larger cities. All of the best-known American makes are in evidence; with the exception of an Italian make the European car is practically unknown. Two Canadian models are enjoying increasing sales. Canadian automobiles are shipped from New York, where they are warehoused in bond for export.

Galvanized Iron Sheets come principally from England, though the United States and Germany supply small quantities. It would not appear that Canada is at present in a position to secure any part of this trade.

Motor Trucks.—The United States is the principal source of supply. Motor trucks are being increasingly used by the owners of large estates, the market has potentialities.

Automobile Accessories.—Practically the whole of the supplies come from the United States. There may be a small market for Canadian products, however, more especially as Canadian automobiles are well known.

Tools.—Hand tools for agricultural and mechanics' use are in constant demand, the imports for 1926 amounting in value to about \$300,000. Chief among such tools is the machete—a knife about two feet long, with a wooden, bone, or horn handle. Imports into Guatemala are valued at about \$30,000 per annum. Local idiosyncrasies rule the market to such an extent that a close personal investigation would be necessary before Canadian exporters could hope to compete with present prices. Sledge hammers and hoes come from England, the latter being largely used for the same purpose as a spade.

Edge tools are imported principally from the United States; they are of good appearance and well finished, and appear to control the market. Cutlery is purchased principally from Germany. The United States supplies probably 10 per cent of the demand. The products from this source are more expensive, but orders can be placed in small quantities. On the whole, the preference appears to be for American tools, in spite of the lower price of those supplied from Germany.

Domestic Utensils.—There is a substantial demand for domestic enamelled goods, principally of the cheaper grades, which is met by Germany. Possibly 2 per cent of the total imports come from Sweden, but no American, English, or Canadian enamelware is imported. The designs in greatest demand are those which imitate china. “Granite ware” and enamelled utensils with a blue exterior are less popular.

Aluminium Cooking Utensils.—The demand is for a somewhat thin and inferior article, as aluminium is new to Guatemala for domestic use. As its qualities become better known, however, it is considered that preference will be shown for a more substantial product. United States aluminium utensils are stated to be about 60 per cent cheaper than German, but the better quality of the latter gives an advantage which more than counterbalances the difference in cost.

Tinware for domestic use is in considerable demand; a quantity of this is imported from Canada.

Tubes and Pipes.—The demand is met principally by the United States, though Germany, Belgium, and England also export to Guatemala in substantial quantities. There would appear to be no reason why Canada cannot compete.

Manufactured Ironwork.—This item refers to steel beams, girders, window frames, and general constructional ironwork. The principal sources of supply are the United States and Germany. As will be seen from the statistics, the demand is not large in proportion to the population of the country. It will probably, however, increase in the future, as the advantages of steel construction become better known.

Sewing Machines.—As in all Latin-American countries, the ordinary domestic sewing machine enjoys a large sale, especially among the native Indian population—in fact, one of the ambitions of the Indian housewife is to possess a sewing machine—and these may be found in the most remote and unexpected quarters. As a general rule, they are sold on the “easy payment” plan: one firm has a practical monopoly of the business. The trade is probably of little interest to Canadian exporters.

Ploughs and Agricultural Machinery.—There is very little demand for agricultural machinery in Guatemala. The natives are unable to afford them, even if they were disposed to make use of such labour-saving appliances, while the coffee estates do not lend themselves to the use of agricultural machinery. Sales are confined to simple agricultural tools, such as hoes, spades, etc.

Fence Wire.—There is a substantial demand for this, for use on the large coffee and sugar estates. Practically the whole of the imports come from the United States and Germany, but there is no reason why Canada should not compete.

Typewriters.—All the usual makes are well known. The item is, however, of no interest to Canadian exporters.

Hardware.—The hardware trade, both wholesale and retail, is mostly in the hands of German houses, and this applies particularly to that large variety of articles usually known as “shelf” hardware. Most of the importers, in addition to their wholesale business, have retail stores; as a general rule, they are of high standing. Being of German nationality, they naturally favour German merchandise, but a large quantity of shelf hardware is imported from the United States. A special feature of the hardware trade is the fact that purchases are largely made from catalogues, without the intervention of travellers or agents. Catalogues of a number of manufacturers, with price lists, are kept on file by importers, and orders are made up from illustrations. One large importer explained that this method was preferable, as it enabled him to replenish stocks at his leisure, and make a better selection than would be possible during a conversation with a representative of any individual manufacturer.

Nails, etc.—The business is divided between the United States, Germany, and Belgium, the last-named country having entered the market on a substantial scale only during the past few years. All kinds of nails, tacks, etc., are in demand, and it is possible that Canada could compete. The volume of sales would depend exclusively on price, quality being a secondary consideration.

Canada manufactures many lines of hardware which should meet with acceptance in Guatemala. The best means of cultivating the trade would be to send catalogues and complete price lists to a selected list of wholesale and retail hardware merchants, following this action by the appointment of an agent. Such catalogues could be printed in English, which is understood by the majority of dealers.

FLOUR, FOODSTUFFS, AND BEVERAGES

A summary of the imports of foodstuffs and beverages into Guatemala for the year 1926 is appended:—

Foodstuffs	\$3,132,094	Barley and malt	\$ 40,150
Flour	1,386,781	Cheese	33,852
Maize	409,130	Condensed milk	24,656
Canned goods	360,876	Ham, bacon and sausage	23,489
Sweetmeats, etc.	144,998	Potatoes	13,244
Lard	119,680	Sundries	163,092
Rice	88,340		
Fruit—		Beverages	550,047
Fresh	76,533	Brandy, whiskey, etc.	247,792
Prepared	28,639	Wines—	
Dried	27,649	White	132,891
Biscuits	54,180	Sparkling	66,448
Edible oils	49,651	Red	54,377
Butter	46,231	Liqueurs	22,558
Cinnamon	40,923	Sundries	25,981

Flour, it will be seen, forms practically half of the total imports of foodstuffs into Guatemala, and there are a number of other items which Canada is in a position to supply. It is impossible, however, to provide details of the items of greatest interest to Canadian exporters on the basis of the figures given above; for this reason, a different classification is adopted below.

Flour.—Imports of flour have increased from a value of \$619,419 in 1922 to \$1,386,781 in 1926. As there is no milling industry in the country, and wheat is not imported, these figures accurately represent the total requirements of the country, and clearly reflect a greatly increased consumption. The business is at present exclusively in the hands of the United States.

An investigation of the matter, however, seems to indicate that Canada has excellent opportunities of securing a substantial part of the trade, and it is known that Canadian millers have made efforts in that direction within the past few years. At present there are three large flour importers in Guatemala, who have their own private brands marked on all bags; thus, the origin of the flour itself is not indicated. The bags themselves are printed by the foreign exporter from samples supplied, and it would probably be necessary for Canadian exporters to conform to this custom. It is stated that all grades of flour are in demand, the purchasing capacity of the population in the case of flour not being reflected in a demand for an inferior or cheap grade; as an instance, in the district of Zacapa, which is one of the poorest in Guatemala, practically the only flour demanded is an American brand of high quality, which sells at the rate of several carloads a month. Two-thirds of the total imports are sold in Guatemala city, the principal buyers being the large bakers and importers, who in turn sell to the smaller bakers. There is very little domestic consumption of flour; even in the smallest "pueblos" (villages) bread is made in bakeries; the large coffee estates make their own bread for the labourers, and frequently have special establishments for this purpose. Quotations by exporters are usually made c.i.f. Guatemala city or Pacific ports, and terms are thirty days' sight draft. An important point to be borne in mind is that packing must be in 50½-pound bags, three of these being enclosed in one gunny sack; prices, however, are quoted per barrel of 202 pounds gross, or 200 pounds net. Flour is usually sold on a commission of 15 cents per barrel; shipments are invoiced and consigned direct to the buyer unless he specifies otherwise when ordering. All exporters from the United States insure their accounts; this naturally increases the price slightly, but apparently does not affect the demand.

Maize.—Maize is the principal agricultural product of the country, and the local production is usually sufficient to satisfy the total demand. In years of short crops, however, imports are necessary, and these are usually drawn from the bordering countries, such as Nicaragua, or from the United States.

Salmon.—The demand for canned salmon is conservatively estimated to be from 800 to 1,000 cases per annum, the qualities required being chum and pink only; the consumption of higher qualities, such as "red" and sockeye, is probably less than 5 per cent of the total. Salmon generally reaches Guatemala from San Francisco commission houses, though a little comes from New Orleans. At least two Canadian brands are on the market, and it is stated that shipments are made direct from Vancouver. All San Francisco exporting houses are represented in Guatemala city, and retail stores place their orders direct with the agents who call upon them at regular intervals. Terms usually granted are thirty to sixty days' sight drafts, documents against acceptance. The most popular size is the 1-pound tall, packed forty-eight tins to the case. The present price for chums of this size is about \$8 per case c.i.f. ports, consular fee paid. "Pinks" are about 40 cents per case higher.

Sardines.—There is a substantial demand for cheap sardines, in addition to a fair sale for the higher-priced French article. Until recently the Norwegian smoked sardine was also popular, but it is reported that a Canadian brand of low price has affected the demand and may succeed in taking its place in the near future. There is also a demand for the large sardine in tomato sauce packed in 15-ounce oval tins; there is no demand for sardines packed in mustard sauce or oil. Canada could secure a substantial portion of the trade if quality and price were competitive. The terms upon which sardines are sold are the same as for salmon.

Canned Lobster comes from Canada, mostly through commission houses in New Orleans; a small quantity is imported from England also. The demand for Canadian lobster is said to be substantial and capable of great expansion. One of the largest importers in Guatemala states that the Canadian canned lobster is the finest on the market, and that there is a demand for all that can be supplied. A preference is expressed for packing in glass rather than in tins, as the latter is liable to discoloration; the sizes preferred are 12, 6 and 3-ounce glasses.

Oysters.—Canned oysters meet with a fair sale; the market appears to be divided between two San Francisco houses, the most popular size being 6-ounce tins, packed four dozen to a case.

Packing House Products.—Lard, bacon, ham and other packing-house products are in good demand, although the total imports are not as large as might be anticipated. The United States is the principal source of supply, although China provides a small quantity of lard, and negligible amounts of bacon, sausage, etc., come from Germany, Denmark, Holland and England.

Special packing of hams and bacon is necessary for the tropics. One method of packing, which is claimed to be most suitable to Guatemala, is to enclose the individual ham or side of bacon in thin celluloid sheets, afterwards steeping it in a solution which renders it airtight.

Fresh Fruits and Vegetables.—In view of the possibilities of domestic production, it is somewhat surprising to find that these are imported in very large quantities. Practically all come from the United States, on account of facilities of communication. Among the more important items may be mentioned potatoes, for which there is a substantial demand; these can be grown locally, but after the first crop the plant appears to deteriorate on account of crossing with the native wild variety. Apples are also grown locally, but they are of inferior quality owing to climatic conditions, and they are only used for cooking; thus, there is a large demand for the imported fruit, which is supplied chiefly from the northwestern states. Many other kinds of fresh fruit are also imported, but these are of minor interest to Canadian exporters. Fresh vegetables are grown locally, but fair quantities are also imported. The best

opportunities for Canadian exporters appear to be in such commodities as potatoes from both the Maritime Provinces and British Columbia, and in apples from the latter province.

Groceries.—On account of facility of communication, and the demand for foreign groceries among the moneyed classes, a large variety of American products have become well known in Guatemala in recent years, among them canned butter, lard compounds and “shortening”, biscuits, canned fruits, condensed and evaporated milk, cereals and breakfast foods, sauces, and pickles.

In general, the principal source of supply for sundry groceries of this class is San Francisco. Tea is drunk by the natives in Guatemala, an English brand of medium quality having a wide sale; a Canadian brand should meet with success if properly introduced and advertised.

Cheese of practically every kind is on sale at all grocery stores, Dutch, French and Swiss varieties being particularly in favour; a smaller amount of American cheese is also sold. There appears to be an opportunity here for a Canadian exporter, as Canadian cheeses have met with a good reception in Latin America wherever introduced.

Canned Butter is in large demand, because of the fact that fresh butter deteriorates in a few hours unless refrigerated, which is not always possible. A Californian brand dominates the market, but there should be an opening for a competitive Canadian product.

Corn Oil, under various names, is one of the most important staples in the grocery line in Guatemala. It is mostly imported from one large firm in the United States. Packing is in 10 one-gallon cans to the case.

Soaps are imported from England, France, and the United States.

Condensed Milk.—One brand appears to control the market, and the demand is said to be excellent.

Birdseed.—A somewhat unusual commodity, for which there is a substantial sale, is birdseed. This comes principally from San Francisco, and is sold in small cartons of $\frac{1}{4}$, $\frac{1}{2}$, and 1 pound.

Pickles.—Both American and British brands are popular; there does not appear to be much chance for Canadian competition.

Table Salt in cartons or tins sells readily, and one brand originating in San Francisco is in wide demand; the market for this product is worth investigation by Canadian manufacturers.

Liquors.—There is a substantial demand for all kinds of liquors in Guatemala. The native Indian and the labouring classes drink an inferior “aguardiente” of local manufacture, which is sold in large quantities and provides a substantial portion of the revenue of the Government by means of an excise tax. Among other elements of the population, foreign liquors are in demand. Cognac is also sold in large quantities, more especially to the upper-class native. Mineral waters are also imported extensively from the United States, Germany, Great Britain and France; “Appolinaris”, “White Rock” and “Vichy” are popular brands. Beer is imported from Germany and Mexico, and there is also a domestic brewing industry which manufactures a palatable beer of the lager type. English ales are known to a lesser extent. All brands of Scotch whiskies are sold, and there is a large consumption among the foreign population, especially British and Americans. Canadian whiskies are also known, but the demand is not large at present, owing partly to the high freights charged and the consequent lower profits which are made by agents. The exports of beverages from Canada to Guatemala could be increased, but it is

essential that brewers or distillers support the efforts of their agents by every means possible.

Scotch whiskies are reported to cost, laid down, about \$20 a case, and they sell retail on the average of \$2 a bottle. Rye whiskies are cheaper, averaging \$16.50 a case, and retailing at \$1.50 a bottle.

Ginger ales are in increasing demand. About 90 per cent of the total imports at present come from Northern Ireland, but a well-known brand from the United States is making definite inroads into the market.

A review of the whole situation indicates that Canada has an excellent chance of securing an increased portion of the Guatemalan market for imported foodstuffs. The Dominion is already well known as a producer of a number of commodities which are in wide demand; the complaint is made that Canadian commercial travellers practically never visit the country nor are Canadian exporters represented there. Certain foodstuffs of Canadian origin enter through foreign brokers, although direct purchase would be preferred by the importing houses, and would be more profitable to the Canadian producer. The situation is well worth investigation, more especially as sales can readily be made by means of a local agent, without incurring the expense of a personal visit to the country, or any outlay for advertising or consignment stocks. A small range of samples, must be provided where the commodity is one which competes with present supplies, or is entirely new to the market.

SUNDRIES

The imports dealt with hereunder comprise the following, the value of imports being given for the year 1926:—

Timber	\$ 110,528	Paper and stationery	\$ 420,811
Wood and iron goods	1,817,141	Petroleum products	1,939,646
Drugs and medicines	477,090	Coal	1,967
Glass, china and earthenware	318,664	Sundries	3,524,427
Leather and fur	236,927		

Only a limited number of the above products are of interest to Canadian exporters, but a brief explanation of each item is appended.

Timber.—Timber has been imported by the railway companies and by the fruit companies for construction work. Apart from these special requirements, only a few hundred thousand feet of Douglas fir and redwood are imported annually for ceilings, flooring, siding, and similar work. Guatemala has extensive forests, and is capable of producing the whole of its own requirements; the native pine and fir are of good quality, their only defect being that they are difficult to dry properly, artificial drying in kilns being unknown. Outside of the two companies above mentioned (who do their purchasing in the United States), there is only one timber importer in the whole of Guatemala. It would hardly be worth while for Canadian exporters to interest themselves in the market, especially as prices of imported timber cannot compete with those of the native product.

Wood and Iron Goods.—This classification includes all manufactures of wood, and manufactures of wood into which iron or steel enter. Among such may be mentioned wooden buildings, furniture, refrigerators, travelling trunks, and pianos. A large part of the imports consists of houses and huts for the use of the staff employed on the large banana estates on the Atlantic coast, and also of office and other furniture for use in the capital. Practically all this comes from the United States, although domestic furniture is imported to a small extent from Germany and France. Kitchen furniture is made to a certain extent locally, at a price with which the foreign product cannot compete. Refrigerators are in good demand, especially in the cities where modern methods of house-

keeping are in vogue. Wooden refrigerators, zinc or enamel lined, are most popular; steel refrigerators do not appear to have been offered in the market. The largest sale is enjoyed by a small refrigerator suitable for a household of three or four people, and costing, laid down in Guatemala, from \$20 to \$30. An American make, costing \$9 at the factory, and laid down in Guatemala at \$20, is having a substantial sale. It is satisfactory to note that a Canadian refrigerator is also meeting with a marked degree of success, and can be sold in competition with others.

Drugs and Medicines.—As in all Latin-American countries, Guatemala is a large customer of all kinds of drugs, patent medicines, and other medical supplies. All standard remedies are in demand, and those for the more common minor complaints, such as cold, rheumatism, stomach troubles, headaches, and the milder forms of fever, command a ready sale. The market is worth investigating only if the exporter is prepared to undertake the necessary expense of introduction and advertising. On the whole, the success of a medicine, with the exception of those preparations which are standard throughout the world, depends almost entirely upon the manner in which its merits are placed before the public, and the extent of the propaganda adopted to ensure its continued sale.

Glass, China, and Earthenware.—The whole of the requirements of the country are imported. Czechoslovakia is an important source of supply for china, especially of the cheaper grades, and England and France each supply about 15 per cent of the total.

Pressed glassware comes from the United States, and blown glass from Germany. Belgian and English glassware is practically unknown, on account of prices not being competitive, and blown American glassware is not imported for the same reason.

Wine glasses are imported from Germany, and to a smaller extent from France, the latter country exporting a higher quality. Ordinary water glasses are imported from the United States, at a price with which other countries find it difficult to compete; in one case, a figure of 22 cents a dozen f.o.b. New York was quoted as an average, as compared with 50 cents a dozen from Germany.

Leather and Fur.—Of the total imports in 1926, 86 per cent came from the United States, and the balance from Germany, France, and England. The item includes tanned hides, patent leathers, footwear, gloves, and all other goods made of leather or fur. By far the most important item is tanned hides, which comprises 50 per cent of the whole.

Paper and Stationery.—In general, the imports are on a smaller scale than would be expected from the size of the population. As a rough guide to the volume of trade, the following items may be mentioned (values for 1926):—

Newsprint	\$27,600	Gilt and silver paper	3,432
Printing paper	85,533	Wrapping paper	\$23,951
Wall paper	2,439	Toilet paper	2,924
Cigarette paper	36,931	Newspaper, printed	14,560
Tissue paper	3,467	Bags	3,618
Stamped paper for Government use	45,254	Envelopes	7,551
		Stationery	32,852

There appears to be a fair opportunity for Canadian exporters of newsprint, ledger, bond and writing papers, and wrapping papers. In addition, there is a small demand for wall papers, which at present is met principally by the United States and Belgium. Canadian wall papers are said to be popular, the designs being suitable and the prices distinctly competitive. It should be noted that wall paper cannot be sold in the "hot country"—i.e., in the districts near sea level, as it will not stand the climate; the demand is entirely confined to cities

3,000 feet and more above sea level. The designs which meet with the readiest sale are somewhat florid. Another commodity for which there is a substantial demand, is over issues of daily newspapers, which are used for packing in the Chinese and Syrian stores. Occasionally these are imported by the shipload, and even at present they are received from Canada via New York. Packing is in 100-pound bales, which are protected from injury by burlap sacking. Present prices are in the neighbourhood of \$35 per ton, c.i.f., Barrios or San José.

Petroleum Products.—This item comprises crude and refined petroleum, gasoline, paraffin, and lubricating oils. The greater portion comes from Mexico, whence about \$1,200,000 of crude and refined petroleum was exported during 1926.

Coal.—The items represent a small consignment from England, and is too small to be of importance.

Sundries.—In addition to the commodities mentioned above, there are a number of others imported on a fairly substantial scale, such as paints and varnishes (\$100,000 in 1926), cement (\$80,000), malt (\$40,000), travelling bags (\$33,000), shoe polish (\$49,000), rubber and canvas shoes (\$25,000), brushes (\$3,000), mirrors (\$10,000), phonographs (\$42,000), matches (\$160,000), fire-works (\$10,000), fertilizers (\$118,505), plumbing supplies (\$12,000), musical instruments (\$19,000), soaps (\$19,000), cordage and twine (\$18,000), toys (\$41,115), lanterns and lamps (\$31,000), books (\$22,000), hops (\$15,000), tires (\$143,000), motor cycles (\$10,000), umbrellas (\$35,000), explosives (\$26,000), clocks and watches (\$18,000), and hats (\$48,000).

Among these, paints and varnishes should offer an enlarged opportunity to Canadian manufacturers. One brand of paint from the United States appears to dominate the market. The quality is reported to be distinctly inferior, and it is stated that the only reason why British, Canadian and other firms have not made greater inroads into the trade is that they are unwilling to reduce the quality of their product to the extent that would be necessary in order to compete. There is an excellent opening for a good, durable paint, which would stand the severe strain of the climate, and which at the same time could be sold at a low price. The necessary qualities of such a paint would be that it should resist for a period of years, both the intense tropical sun of the dry season and the torrential rains of the wet season. If a Canadian manufacturer can produce such an article, a ready and increasing market should await his efforts. In Guatemala, new paint is usually applied over the old coating, instead of the latter being first removed as is usual in other countries. The population is beginning to realize the advantage of protecting surfaces from the weather, and the near future is likely to see extensive developments in both the quality of paints demanded and the uses to which they are put.

Distemper paints have only recently been introduced, but where used have given great satisfaction; it has been found difficult, however, to induce retail dealers to stock them, mainly on account of a feeling of conservatism and a fear of competition with established products.

It is necessary to emphasize, in conclusion, the fact that the market for imported goods in Guatemala is expanding rapidly, and the demand for all kinds of foreign commodities is likely to increase as the country develops. The fact that a certain product is not mentioned in the present report does not indicate that no market exists, but merely that such a product is not at present imported on a substantial scale. If the increase in imports from the year 1922 onwards continues for the next decade, Guatemala will take an important place as a consumer for foreign foods.

IV

Tariff and Documentation

The tariff of Guatemala consists of "specific duties"; that is to say, the duties are based upon the weight or quantity of merchandise, and not upon its value, as is the usual custom in Canada. With few exceptions, duties are charged upon gross weights, inclusive of all immediate and exterior packing; this fact should always be borne in mind when packing shipments, as the weight of the exterior packing may have a considerable effect upon the duties payable, and consequently upon the delivered cost.

The tariff contains 2,505 items, and is divided into fifteen sections, as follows: (1) prohibited goods; (2) goods free of duty; (3) cotton; (4) linen and vegetable fibres other than cotton; (5) wool; (6) silk; (7) iron and steel; (8) copper and its alloys, aluminum, zinc, lead, and tin; (9) wooden goods, and goods of wood and iron; (10) leather and furs; (11) glass, china, and earthenware; (12) paper, cardboard, etc.; (13) wines, liquors, and foodstuffs; (14) sundries; (15) drugs and chemicals.

The list of prohibited goods calls for no special comment: it is one that is usual in many countries.

Among the goods which are admitted free of duty may be mentioned advertisements, agricultural machinery, antitoxins, bacteriological preparations, chemical apparatus, coal and coke, constructional ironwork, fence wire, fertilizers, fire-fighting apparatus, filters, hides, insecticides, incubators, live animals, lumber (in logs), maps and educational equipment, mining machinery, paper pulp, passengers' baggage, ploughs, railway material, road-making machinery, rice, seeds, scientific collections, vessels for use in the republic, and wooden or wood and iron buildings. The raw or manufactured products of the other Central American republics are also admitted free of duty, with certain exceptions.

With regard to the actual rates charged, these are not, as a rule, of great interest to a foreign exporter, neither is it possible to provide details in a report such as the present. An explanation, however, of the method of calculating the duties appears to be desirable. In the first place, it is necessary to explain that the rates of duty, which have remained unchanged, with minor exceptions, for many years, were originally imposed in pesos or centavos—a currency which is now obsolescent. The peso, as explained under the heading of "Currency" in a previous chapter, has been "pegged" at one-sixtieth of its former value; thus, duties collected on this basis would provide insufficient revenue.

On the other hand, if the rates were calculated in the new quetzal (equal to dollar) currency, the rates would become so high as in many cases to be prohibitive.

An adjustment between these opposing conditions has been made by leaving the actual rates unchanged, but collecting a varying percentage in quetzales or dollars (usually called "gold") and the remainder in pesos (usually called "national currency" or "moneda nacional").

The matter will be made clear by examples. Cotton dresses or clothing of any kind, for children, are given in the tariff as subject to a duty of 2 pesos 50 centavos per kilo. But 75 per cent of this rate has been made payable in "gold" and 25 per cent in "national currency". Thus the true rate is:—

75% of pesos 2.50 payable in gold	\$1.875
25% of pesos 2.50 = 62½c. national currency, which converted into gold	
(at 60 to 1) equals	0.014
A total per kg. of	\$1.889

As a further instance, phonographs are quoted in the tariff as paying a duty of 1 peso per kilo. But 50 per cent of this is payable in gold and 50 per cent in "national currency". The true rate is therefore:—

50% of 1 peso payable in gold	\$0.50
50% of 1 peso=50c. national currency, which converted into gold at 60 to 1, equals	0.0083
A total per kg. of	\$0.5083

It will be observed that the portion of the duty payable in "national currency" is so small in comparison with the portion payable in gold that it may be neglected for practical purposes, except in calculations of comparatively large payments, in which case the necessary adjustment must be made.

In addition to the rates of duty mentioned in the tariff, goods are subject to certain surcharges; some of these are also payable in "gold", and some in "national currency" or its equivalent. The most important of these surcharges consists of an ad valorem charge of 6 per cent on the invoice value of all goods, payable in gold; there are further surcharges, for registration, and for the "Hospital de Occidente", also payable in gold; municipal taxes, stevedoring, and a tax for the liberal arts are payable in "national currency".

A sample calculation of the total duties payable on a consignment of hardware follows:—

	Weight Kg.	Rate	Duties
10 boxes machetes	630	0.25	\$157.50
2 boxes machetes	126	0.25	31.50
6 barrels hoes	1,260	Free	....
1 box insulators	80	0.10	8.00
Galvanized iron posts	41	0.05	2.05
Total duty payable			\$199.05

Of the above, 50 per cent is payable in "gold" and 50 per cent in "national currency". Therefore:—

	Gold	National Currency
Duties as above	\$ 99.53	Pesos 99.52
Municipal tax. . . . .	....	1.92
"Impuesto de Reu" . . . . .	....	17.20
Registration	4.00	....
Stevedoring . . . . .	....	6.30
Hospital de Occidente.	2.20	....
Tax for liberal arts . . . . .	....	2.80
Consular fees, 6 per cent	17.85	....
Total, including surcharge	\$123.58	Pesos 127.74

It will be observed that the amount payable in "national currency" (pesos 127.74), converted at 60 to 1, amounts to only \$2.13, or less than 2 per cent of the total duties. Inquiry shows that importers in Guatemala do not, as a rule, attempt to check the amounts of duties payable on merchandise purchased by them, but accept the calculations of the customs officials as correct.

EXPORT TARIFF

There is an export tariff on coffee, hardwoods, hides and skins, rubber, chicle, cattle, and maize. In addition, a charge of 12½ cents "national currency" (equal to about a fifth of a cent) is made on each package exported through the Atlantic ports, and a similar charge for each package exported through the port of Ocos. The export of gold (with certain exceptions), silver, antiques, and quetzales (a rare bird of brilliant plumage, which has become the national emblem, and after which the present unit of currency has been named), is prohibited.

DOCUMENTATION

The documentation of shipments to Guatemala is comparatively simple. Commercial invoices, bills of lading, and consular invoices must be prepared and submitted to the nearest Guatemalan consul, or to the consul of any friendly nation if no Guatemalan consul is available. The following are details of the manner of preparation of these various documents:—

Commercial Invoice.—The ordinary commercial invoice of the shipper is sufficient, and it may be written in English. It must be certified by the shipper as being correct, but no special form of wording is required. Prices may be as at factory, f.o.b., or c.i.f., as desired. Three copies are required. No charge is made by the consul for his visé, but a small notarial fee may be charged.

Bills of Lading.—Three copies are required for certification. A fee of \$1 is usually charged.

Consular Invoices.—This is the most important document in connection with shipments to Guatemala. Special sets of forms are required, which may be purchased from the consul at a cost of 50 cents per set. It should be prepared in Spanish, though English is acceptable if Spanish is impracticable. The consular fee payable *by the exporter* is 2 per cent on the value of the invoice. (It should be noted, however, that the *total* consular fee is 8 per cent of invoice value, the remaining 6 per cent being payable by the importer as a surcharge upon the customs duty.)

The above documents, when certified, should be sent to the consignee by first mail, or attached to draft, or handled in whatever manner may be arranged between buyer and seller. They must, however, be in the hands of the customs officials in Guatemala before clearance of the goods can be effected.

It will generally be found desirable for Canadian exporters in interior cities to mail copies of the commercial invoices (certified as correct, but not viséd) to the forwarding agents at the port of exit, instructing the latter to prepare bills of lading and consular invoices, and submit the three sets of documents to the consul at that port for certification.

Parcel Post.—Shipments by parcel post do not require a consular invoice, but three copies of the commercial invoice (certified as correct) must be submitted to the nearest Guatemalan consul for his visa. A fee of 2 per cent of the value is chargeable.

Samples of no commercial value are not subject to duty; samples of commercial value are also admitted free of duty if the duty payable upon their entry as merchandise would not exceed one dollar.

There are no packing or labelling restrictions in force.

It should be noted that under no circumstances should goods be consigned "to order" when making shipments to Guatemala.

As a matter of minor interest, it may be mentioned that goods are not always cleared at the seaports in Guatemala, even if they arrive by water. As an instance, the customs house for the port of Champerico is at Retalhuleu, which is several miles inland, and goods are not allowed to be cleared at the port itself unless required for local consumption. Similarly, a large quantity of merchandise is cleared at Guatemala City instead of at San José, the Pacific Coast railway terminal. The fact is mentioned merely as explaining why quotations may be sometimes required c.i.f. interior points, and why insurance may be necessary beyond the seaports themselves.

V

Representation, Advertising and Trade Marks

Commercial customs in Guatemala have not yet developed to such an extent as to be completely standardized. Thus, the method of representation of foreign exporters may take many forms.

In some cases, large exporters in foreign countries have their own branch houses, who do a general import and export business through their head offices as opportunity may offer; these firms would naturally not act as agents for other houses, though they would be willing to consider the purchase of commodities if prices and quality were satisfactory, irrespective of their origin. It is sometimes possible to place exclusive agencies with them, but it is doubtful whether this would be the most practical method for Canadian firms to adopt, as they generally represent manufacturers established in their own country.

There are in Guatemala a number of firms who act as manufacturers' representatives, and a few (probably half a dozen in all) are entirely British in origin, proprietorship and management. These latter enjoy the highest reputation throughout the country; some of them act as merchant bankers, financing all shipments and making themselves responsible for collection and payment of accounts. On account of their standing and connections, such firms would be the most desirable agents for Canadian exporters, if suitable arrangements could be made with them. As a rule, they do not confine themselves to one type of commodity (such as textiles, hardware, or foodstuffs), on account of the limited market in any particular line. Thus, they are prepared to consider a wide variety of representations, and a number of them have expressed their willingness to receive proposals from Canadian firms who are prepared to make a serious effort to enter the Guatemalan market on a substantial scale. It is essential, however, that manufacturers should provide the fullest possible information, price lists, catalogues and ranges of samples, and be prepared to support their agents energetically.

A third method of representation is by means of a local travelling agent, who sells exclusively on commission, and visits retail buyers in all parts of the country. Such agents do not as a rule have large offices, and need not be well financed. Their revenue is derived exclusively from commissions, and their principal capital is their ability as salesmen, and their judgment as to the financial responsibility of customers. It is known that Canadian agencies placed in the hands of such firms have been successful in the past, and for this reason the system can be recommended.

An additional means of selling goods in Guatemala is through visits of commercial travellers from the head offices. This is a satisfactory method, and is adopted by many United States firms. As a general rule, it does not appear necessary that such travellers should be natives of a Latin-American country; indeed, experience indicates that other nationalities, and especially German, are in the majority among foreign commercial travellers. In any case, they should have at least a fair command of the Spanish language; a knowledge of German and English is also useful, as these languages are widely understood—more especially is English essential on the Atlantic coast on account of the large American and British population connected with the banana industry.

Still another means of introducing goods is by correspondence. This is occasionally effective, but it should be supplemented by one of the methods mentioned above, and of itself should only be taken into consideration as a preliminary measure. Catalogues, however, of standard articles, are generally welcomed by retailers, supplemented by price lists.

The above represent the best methods available to a Canadian exporter for introducing a new product. It is necessary, however, to say a word in regard to the large fruit industry which exists on the Atlantic coast. This industry is controlled from the United States, and the fruit company owns commissaries in the ports, from which the employees and others obtain the majority of their supplies. Such supplies are purchased wholesale in the United States and shipped to Guatemala in the vessels of the company; thus it would be necessary, in the great majority of instances, to negotiate with the purchasing agent in the United States if it were desired to sell products to the fruit companies themselves. There are, however, a number of independent stores in the port, apart from those controlled by the foreign companies, and orders from them can be secured in the usual manner.

The same remarks apply to the railway companies, who also have purchasing offices in the United States.

With regard to the best buying seasons, these depend in Guatemala upon two main factors—the time of the coffee harvest and the volume of the maize harvest. As far as the former is concerned, it may be said that the coffee planters conduct their operations on borrowed capital; as the crop is harvested, from October to March, revenue begins to come in, and the surplus rapidly finds its way into general circulation; thus from (say) August to February is the best selling time, and it is also the best time from a climatic point of view for a visit to the country. This fact also explains why the merchants must have time for payment of their accounts, and will frequently ask for more extended payments than may appear necessary—if they had to pay cash against documents, they would have to borrow funds from the banks at high rates of interest, and they generally prefer to pay a little extra on prices for the convenience of extended accommodation by the exporter.

With regard to the effect of the maize harvest upon the buying power of the people, this is the staple food of the country; after a bountiful harvest maize is cheap, and the consumer generally has surplus money available after his elementary needs in the way of food have been met; conversely, in times of scarcity both maize and flour have to be imported at higher prices, and the available surplus is much smaller. Thus the buying power of the people for imported goods is always greater—some authorities say vastly greater—after a good maize harvest.

While on the subject of entering the Guatemalan market, attention should be drawn to the methods adopted of handling accounts. In the first place, it is highly essential that exporters should make full and detailed inquiries into the standing of firms with which they do business. The agent himself, if properly selected, will usually be able to provide satisfactory details on this point, and the banks in Guatemala City are also in a position to provide credit information. At the same time, it is stated that collections are frequently difficult, and merchants will often defer payment of drafts or invoices when due; furthermore, there is little or no protesting of drafts, as banks hesitate to take such action, and the agents themselves will not do it as they claim it injures their good name. It therefore behoves every foreign firm seeking to do business in Guatemala first of all to select an agent whose reliability is above suspicion, and secondly not to ship goods unless he is satisfied with the standing of the firm ordering them.

COMMERCIAL TRAVELLERS' REGULATIONS

According to the law of 1926, commercial travellers are compelled to present, on arrival, a certificate of identity issued by a competent authority of the country of origin, and bearing the visé of a Guatemalan consul. This certificate

is endorsed at the port of entry, and after payment of a commercial traveller's tax of 25 quetzales, enables the bearer to trade for a period of six months. There are no interior taxes on commercial travellers.

Samples of no commercial value are admitted free of duty. If of commercial value, a bond is accepted in lieu of payment of duty, and this bond is good for sixty days. As a general rule, no difficulty is experienced on this score, and the letter of the law is frequently disregarded where samples are of small value and the intentions of the traveller are obviously legitimate.

A commercial traveller, and indeed every visitor to Guatemala, should make a point of calling on the Guatemalan consul before starting on his trip, to see that all his documents such as passport, certificate of identification, etc., are in order. A certificate of vaccination is necessary, and he should provide himself with a supply of passport photographs, both profile and full face.

Advertising; Trade Marks; Cost of Living

The art of advertising is still in a somewhat backward state, although considerable advances have been made in recent years. The principal method adopted is by means of the daily newspapers, of which some three or four in Guatemala City are of fair standing. (Particulars may be obtained on application, quoting "Appendix B".) A certain amount of advertising is also done by means of boardings, but this method is of comparatively recent date. Another form which has become popular is through small folders or pamphlets, which may be mailed or distributed by hand either to householders or in the street to passers-by. It is essential that these be printed in Spanish, as the great majority of the people whom they reach do not understand foreign languages. No electric sky signs are used for advertising at present, although these will probably be used in the future when the use of electricity is more common.

With regard to mailing lists, these are usually obtained from the telephone directory, as there are no up-to-date city directories in Guatemala. The compiling of such lists should be left to the agent on the spot.

TRADE MARKS

While not absolutely essential, it is always desirable to register trade marks in Guatemala as a precaution against piracy. The right of exclusive use to a mark is acquired by registration with the Government department concerned, and applications must be accompanied by:—

A description of the trade mark, in duplicate. This must explain clearly the articles which the mark is intended to cover, and describe the design itself, drawing attention to any special part which the applicant considers is of importance.

One stereotype plate of the trade mark,

Six impressions of the trade mark.

Foreigners must also present a power of attorney in favour of the agent or other person making application on their behalf, and a certificate of registration in the country of origin. Both these documents must be translated into Spanish, and legalized by a Guatemalan consul.

On application, the trade mark is published in the official gazette three times, after which the registration is made. The rights in a trade mark are granted to the first applicant who presents the documents in the proper form, unless protest is made on behalf of other parties. Property in a trade mark exists for ten years, and may be renewed for similar periods indefinitely. The cost of registration is 2,000 pesos "national currency", equal to \$33.33 Canadian currency; the cost of renewal is 1,000 pesos, or \$16.66.

In general, it is better to leave the registration of a trade mark in the hands of the local agent, instructing him to make application through a lawyer who is familiar with the necessary routine.

LIVING AND TRAVEL

As a general rule, anyone visiting Guatemala for an extended stay would make his headquarters in Guatemala City. Here there are only one or two really excellent hotels, the cost of room and board amounting to about \$5 upwards per day (American plan). A small house, with about five rooms and servants' quarters, rents for from \$90 to \$100 a month, or in a better residential quarter from \$125 to \$150 a month. A house with seven or eight rooms would cost from \$200 to \$250 a month.

With regard to servants, these must be considered essential for anyone occupying his own house. A boy's wages average \$30 to \$40 a month, with keep; a cook, from \$17.50 upwards; a housemaid, \$10 up, and a laundress about the same.

Furniture is usually purchased from local makers, as this is much cheaper than buying imported goods. Linen, china, and glassware should be taken in from abroad.

It is stated that the minimum salary on which a single man can exist is \$2,500 per annum, and for a married man \$4,500 is the very lowest on which a reasonable standard of comfort can be maintained; men in responsible positions, of course, are paid much more than this.

With regard to boarding-houses, the charges are about \$100 per month for first-class accommodation, although inferior ones may be found where rates are as low as \$85 per month; these latter, however, cannot be recommended.

Health conditions in Guatemala City are good, and the climate is of a springlike warmth, the mean temperature throughout the year being 70°F., with extremes of 60° and 85°F. There are two seasons, the wet and the dry; the former lasts from May to October, and the latter from November to April. Very few people suffer from the effects of the altitude (4,800 feet), and the only precautions necessary to prevent tropical diseases are to boil and filter all drinking water and to observe the usual rules of cleanliness. Clothing in the capital is exactly the same as worn in Canada during the spring and summer.

Different conditions prevail in the hot country and in areas remote from the capital. Here hotels are inferior, and living conditions frequently of a more primitive nature. Precautions should always be taken to provide oneself with quinine, insecticides, and simple remedies for dysentery and stomach troubles; it is also desirable to drink only bottled mineral waters, which are obtainable practically everywhere, and to sleep under a mosquito net. Clothing in the hot countries should be of the lightest possible character, and strong enough for hard wear.

EL SALVADOR

I

General

GEOGRAPHY; CLIMATE, AND POPULATION

El Salvador (or Salvador, as it is sometimes called) is the smallest of the Central American republics, occupying an area which is variously estimated as from 7,225 to 13,183 square miles; on the other hand, it is more thickly inhabited than any of the other republics, its population of approximately 1,650,000 giving it a density of at least 125 per square mile—much more than double that of Guatemala, about five times that of Costa Rica, and nearly ten times that of Honduras, Nicaragua, or Panama.

El Salvador lies between the parallels of 13°8' and 14°24' north latitude and between 87°39' and 90°8' west longitude. It is bounded on the west by Guatemala for a distance of 92 miles, on the north and east by the republic of Honduras (160 miles), and its southern coast is washed by the Pacific Ocean. At the southeastern extremity it approaches Nicaragua, being separated from that country by the Gulf of Fonseca—a vast natural harbour capable of sheltering the navies of the world.

Alone among the republics of Central America, El Salvador has no coastline on the Atlantic Ocean or the Caribbean Sea, and this fact has had a profound influence upon its economic development. Geographically, a portion of the Central American Cordilleras occupies the whole of the country, with the exception of the Pacific coastal plain, which extends inwards to a varying width. The chain of the Cordilleras, on this part of its length, is divided into two ranges, sending out numerous spurs in every direction. These spurs, as well as the two main ranges, enclose numerous valleys of great fertility, which afford a means of subsistence to the teeming population, and provide that agricultural wealth upon which her foreign commerce is based. The ranges are, in general, volcanic, but in no case do the mountains reach a height of 9,000 feet; earthquakes are frequent, and within the past fifteen years have done considerable damage to the capital and even destroyed other important cities in the interior; no traveller can fail to be impressed with the appearance of the vast beds of black lava, which are the legacy of recent volcanic eruptions, and extend for miles, impenetrable and desolate, without a sign of vegetation as far as the eye can reach. These occurrences, however, are infrequent, and are of minor importance to the life of the country at large.

On account of a generous rainfall and the conformation of the country, El Salvador is well watered by rivers, of which there are said to be 360 in the whole of the country, in addition to 350 tributaries. The most important is the Lempa, which rises near the Guatemalan frontier, and after approaching Honduras flows south to the Pacific Ocean, dividing the country into two unequal halves; this river is the largest on the Pacific Coast of Central America, and is navigable by small steamers for the greater part of its length. All other rivers are of minor importance.

With regard to climatic conditions, the low-lying coastal plain is hot and humid. In the mountain valleys the temperature is modified by the elevation above sea level; at an altitude of 2,500 feet and above the climate is of an agreeable warmth, but in no case does it become cold. With the exception of

a few areas on the lower levels, the country is considered healthy and quite suitable for occupation by Europeans. There are two seasons, the wet and the dry; the former lasts from May to October, and the latter from November to April. The rainfall averages 72 inches per annum.

The inhabitants of El Salvador are principally "mestizos" or "ladinos"—a mixture of the native Indians and the descendants of the early Spanish settlers. There are far fewer inhabitants of pure Indian blood than in Guatemala—probably not more than 20 per cent of the whole population, as compared with 60 per cent in the latter country; neither is there such an admixture of negro blood as is found in Honduras and Nicaragua.

Thus with a fertile soil, a homogenous population, and favourable climatic conditions, El Salvador has developed on somewhat different lines from its neighbours; the population has increased at a greater rate—owing to this fact, there is a larger labour supply available for agriculture; the country being so small, there is no land available on which the Indian can live a life of ease and idleness, and thus he is willing to work, and has not to be forced to do so, as is the case in Guatemala. A plentiful supply of free labour in a compact country has on the one hand encouraged the development of the large estates, and on the other has given the labourer himself appreciation of a higher standard of living than would otherwise be the case.

Historically, El Salvador has been involved in the disputes concerning the federation of the Central American states. As a general rule, however, such disputes were due more to interference by the neighbouring republics than to any action of the El Salvadoreans themselves, and for the past twenty years there has been little or no disturbance in the peaceful progress of the country. This condition has been assisted by the maintenance of a small but efficient army, and the opening up of means of communication.

Thus El Salvador may be considered a comparatively well-governed, peaceful, and progressive country, in which democratic institutions are beginning to be accepted, and in which a desire for improvement in living conditions is already manifesting itself.

CURRENCY AND FINANCE

The currency of El Salvador is on a gold basis, the unit being the "colon", which has a mint par value of 50c. This is divided into 100 centavos, and there are subsidiary coins of 25c. and 50c. (silver) and 5, 3, and 1c. (nickel); bills are issued of 1, 2, 5, 10, 25, 50, and 100 "colones", all circulating at par. United States currency, both bills and fractional coinage, circulates freely throughout the country; other foreign currency is not accepted.

There are three banks of issue in El Salvador, as follows:—

	Capital	Notes in Circulation	Gold Reserve
Banco Occidental	\$8,400,000	8,412,604	3,865,735
Banco Salvadoreño	4,400,000	6,547,609	3,621,310
Banco Agrícola Comercial	1,560,000	2,756,687	2,632,636

These banks are authorized by law to issue notes up to 200 per cent of their capital, but must maintain a metallic gold reserve of 40 per cent of the total face value of the notes so issued.

In addition, the Anglo-South American Bank maintains a branch in San Salvador, but has no right of issue.

TAXATION

The public revenue of El Salvador is derived to the extent of more than 80 per cent from export and import duties, and an excise tax on intoxicating liquors; there are in addition sundry minor direct taxes, stamp duties, etc., which produce the remaining 20 per cent of the total. As the majority of the population are not large consumers of imported goods, and as the principal

revenue from the export tax is derived from coffee, it is obvious that the incidence of taxation is exceedingly low. The following statement shows the revenue and expenditure for the year 1927:—

<i>Revenue</i>		
	Colonos	Per Cent of Total
Export duties	1,931,092	9.4
Liquor duties	4,130,554	20.1
Import duties	10,936,013	53.3
Stamp duties	732,358	3.5
Direct taxes	631,031	3.1
Sundry receipts	1,107,413	5.4
Services	1,040,029	5.2
National property	6,000	0.0
	20,514,490	

<i>Expenditure</i>	
National Assembly	113,003
Presidency	144,519
Interior	2,868,216
Public Works	3,704,348
Agriculture	58,050
Education	1,580,387
Foreign Affairs	89,217
Justice	894,086
Charity and Health	885,160
Finance	1,255,043
Public Debt	5,804,715
Industry and Commerce	27,708
War and Marine	3,987,638
General	387,436

PUBLIC DEBT

21,799,526

At the end of 1927 the public debt of El Salvador amounted to colones 48,500,000 (\$24,250,000), as follows:—

Internal debt, colones 5,453,164	\$ 2,726,582
"A" bonds, loan of 1922, 8 per cent	4,859,500
"B" bonds, loan of 1922, 6 per cent	4,739,618
"C" bonds, loan of 1922, 7 per cent	9,874,300
Chatham Phoenix National Bank, 1927, 9 per cent	250,000
San Salvador Paving Certificates, 1925, 8 per cent	1,800,000
	\$24,250,000

Service of the exterior loans is guaranteed by a lien upon 70 per cent of the customs receipts, the collection being under the control of a resident representative of the fiscal agents of the bondholders. Thus, until sufficient funds are collected for payment of interest and amortization, the Government expenditure is limited to 30 per cent of its principal sources of revenue; it is satisfactory to observe, however, that the necessary revenue for the service of the "A", "B", and "C" bonds was obtained during the first six months of the year in 1927, and as early as the 12th of May in 1928. The amounts required for this purpose were as follows:—

	Amortization	Interest	Total
"A" bonds	\$264,000 00	388,760 00	652,760 00
"B" bonds	73,090 94	284,596 81	357,687 75
"C" bonds	158,799 00	681,201 00	840,000 00
	\$495,889 94	1,354,557 81	1,850,447 75

In addition, the revenue from import and export duties, after the date of the payment of interest and amortization on the "A", "B", and "C" bonds, is hypothecated as follows: 15 per cent for national highways; 10 per cent for paving of San Salvador and amortization of loan for this project; \$50,000 monthly for repayment of loan by Chatham Phoenix National Bank; 30 per cent of export tax for repayment of loan of \$500,000 by the Anglo-South American Bank.

It must be admitted that the above sums constitute a heavy burden upon the revenue of the country, but it is equally true that the fact of their regular payment, after years of default, has had an excellent effect upon the standing of El Salvador in the financial markets of the world and is partly responsible for the optimism with which the future of the country is regarded.

COMMUNICATIONS

The best means of approach to El Salvador from Eastern Canada is via either Guatemala or the Panama Canal. In the former case, after reaching Guatemala City, an automobile may be taken to Santa Ana, whence there is direct rail service to San Salvador; or the traveller may go by rail to San José (on the Pacific coast of Guatemala), whence a steamer may be taken to any one of the three ports of El Salvador. If the route via the Panama Canal be taken, transshipment is made at Colon via the Pacific Steam Navigation Company (sailing every ten days) or the Panama Mail Steamship Company (every twenty-two days) for the same ports.

Sailing from the Pacific coast, there is a direct service from San Francisco via the Panama Mail Steamship Company to Acajutla, La Libertad, and La Union.

So far as interior communications are concerned, El Salvador is well supplied with both railways and highways, and it is gratifying to observe that both of these are being extended as rapidly as available funds will permit. The country is traversed from end to end by the lines of the International Railways of Central America, which start at Santa Ana, near the Guatemalan border, and passing through the capital, continue to the port of La Union, on the Gulf of Fonseca. An extension of this railway is under construction from Santa Ana to Zacapa (Guatemala), which will give direct connection to the Atlantic port of Puerto Barrios and thereby shorten communication between Europe and the Atlantic coast of North America by several days; it is expected that this railway will be opened during the year 1929, and it should have a very favourable effect upon the economic life of the country, providing, as it does, a short and direct route to the principal consuming centres of the world. A further branch line is projected from Santa Ana to Ahuachapán, a distance of twenty-five miles, and railways also run from the port of Acajutla through Sonsonate to the capital.

With regard to the highways, the Government has of recent years devoted commendable attention to this problem, and many of the roads at present existing would bear comparison with those of the most progressive countries. The principal highway runs east and west from Ahuachapán to La Union, and from this there are a number of branch roads running north and south, giving connections with towns not accessible by rail. There is also a first-class motor road from the capital to the port of La Libertad (a distance of twenty-five miles), and a similar road connects the capital with the borders of Guatemala and Guatemala City. In addition, cart roads or mule tracks run in various directions throughout the country. Thus, travel in El Salvador is by no means so arduous as in other parts of Central America; it is feasible at all times of the year, and during the dry season is distinctly agreeable.

CHIEF TOWNS

The capital of the republic is San Salvador, situated 2,200 feet above sea level and 25 miles from the Pacific coast. It is well paved and lighted, and has about 100,000 inhabitants. It is the centre of all government, banking, and commercial activities, and in fact is of overwhelming importance in the life of the country. It has a number of good hotels; the climate, although warm, is by no means oppressive, and sanitary conditions are excellent. Access is via La Libertad (by auto), Acajutla (rail), La Union (rail), or from Guatemala City via automobile and rail.

Santa Ana, with a population of about 70,000, is the second city in point of size in the republic. It is an important business centre and should be visited by all commercial travellers desiring to canvass the country in detail. It is reached by rail from San Salvador (48 miles).

San Miguel, with a population of some 35,000, is 107 miles from San Salvador, on the railway to La Unión. It is the centre of a coffee and cattle district, and a number of small manufactures are carried on in the district.

Ahuachapán is 72 miles from San Salvador, and is reached by automobile from Santa Ana or Sonsonate. It is an important commercial town in the Western Zone, and is the centre of the coffee, tobacco, and sugar industry of the district.

Chalchuapa, containing about 28,000 inhabitants, is situated about ten miles from Santa Ana, and is worth canvassing by commercial travellers on the way from that city to Ahuachapán.

San Vicente, with about 31,000 inhabitants, is about forty miles from San Salvador. It produces, corn, tobacco, sugar, and coffee, and also possesses a few small factories making shawls, hats, etc.

Cojutepeque, seventeen miles from San Salvador, with a population of some 16,000, has factories manufacturing cigars, sweetmeats, etc., and is also a centre for rice, coffee, sugar, and indigo production.

Sonsonate, with a population of 16,000, is situated on the railway between San Salvador and Acajutla. It is the centre of a rich agricultural district, and is usually visited by all commercial travellers who are making anything more than a superficial canvass of the country.

Acajutla, on the Pacific coast, is a port of call for all steamers. There are no industries or production, and the town is only visited as a landing place and railway terminal. Lighterage is necessary.

La Libertad, the second port on the Pacific, is becoming of increasing importance on account of its proximity to the capital. Population, 3,000. Lighterage is necessary.

La Unión, the third port of El Salvador, is situated on the Gulf of Fonseca. It is 137 miles from San Salvador by rail, and is connected (also by rail) with Cutuco, about two miles away, where there are good wharfage facilities. La Unión is usually selected as the port of exit by commercial travellers visiting Honduras, on account of its proximity to Amapala, the Pacific port of the latter country. There is fair hotel accommodation. Population, 6,000. Lighterage is necessary.

Other towns in El Salvador with a population of 20,000 or over are Coatepeque, Chinameca, Izalco, Metapán, Quetzaltepeque, Santa Tecla, Suchitoto, and Zacatecolula. These, however, are of minor importance, and would only be visited if it were desired to make a complete survey of the commercial possibilities of the country.

POLITICAL SUBDIVISIONS

For administrative purposes, El Salvador is divided into three zones, known respectively as the Western, Central, and Eastern; these are subdivided into fourteen provinces as follows:—

	Population, Approximate
Western Zone—	
Santa Ana	180,000
Ahuachapán	100,000
Sonsonate	120,000
Central Zone—	
La Libertad	130,000
San Salvador	220,000
Chalatenango	100,000
Cuscatlán	100,000
La Paz	110,000
San Vicente	90,000
Cabañas	70,000
Eastern Zone—	
San Miguel	130,000
Uzulután	130,000
Morazán	90,000
La Unión	80,000
	<hr/> 1,650,000

II

Natural Resources and Exports

The natural wealth of El Salvador consists principally in the products of agriculture, more especially of those which are suited to a tropical and sub-tropical climate. The country, on account of the rich volcanic soil, is capable of producing large crops with a comparatively small amount of effort; the density of population imposes the necessity of labour, and the facilities of communication provide a ready market. These circumstances in combination have produced a peasantry devoted to the soil, and a wealthy land-owning class of a more progressive character than is probably the case in the surrounding countries. Many mountains are cultivated to the summits, and even in areas where the broken or arid nature of the land makes agriculture difficult, any small patch capable of tillage will frequently be found producing its crop of maize or beans.

The country is also known to possess mineral deposits of importance, especially in the provinces of Morazán, San Miguel, and La Unión. There are a number of gold and silver mines, and in addition, lead, silver, copper, zinc, quicksilver, and iron are worked to a small extent. In general, however, the production appears to be decreasing, partly on account of the high prices of fuel, which is not obtainable locally and has to be imported for smelting purposes at a prohibitive cost.

The forest products of El Salvador are also of minor importance. Although the country was at one time well forested, the consumption of timber exceeded the local supply, with the result that the country is at present dependent upon foreign sources for the greater part of its requirements. There are, however, certain forested areas from which valuable commercial products, such as the "Balsam of Peru", are obtained.

Manufacturing industries are of minor importance, and it does not appear probable that these will be developed to any great extent in the near future. The factors limiting the possibility of establishing industrial plants on a large scale are the lack of skilled workmen and the shortage of fuel. There are, however, a number of small factories devoted to the production of such articles as beer, brandy, mineral waters, soap, candles, cigars and cigarettes, leather goods, candies, etc., and there are also electric light and power plants supplying the principal cities.

Coming to the more important natural products of the country, these consist of maize, coffee, beans, sugar cane, indigo, balsam, henequen, cotton, tobacco, cattle, rice, fruits and vegetables.

Maize.—This, as in the case of all other Central American countries, forms the principal food of the people. The total annual production is estimated to be approximately 250,000 tons, all of which is consumed locally.

Coffee.—This is by far the most important crop so far as the export trade is concerned, and in fact accounts for some 80 per cent of the value of the annual exports. It is a very appreciable factor in the national wealth, and it is claimed that coffee, more than anything else, is responsible for the comparatively advanced condition of the country. The coffee estates are largely in the hands of native Salvadoreans, who have derived immense profits from the high prices ruling during the past few years. This has led to a taste for foreign travel, and a demand for foreign standards of living, together with a tendency to send the families abroad for their education. It is stated that these influences are rapidly percolating throughout the country, and account for the increasing demand for

imported goods which goes with an improved standard of living. The statistics of production and export of coffee during recent years are as follows:—

	Production Tons	Export Tons
1923	52,858	41,994
1924	59,882	48,808
1925	43,334	32,064
1926	62,064	50,626
1927	54,750	36,202

The principal markets are Germany (31 per cent), Sweden (14), Norway (12), and Holland (12 per cent). Italy, France, and Spain combined take 15 per cent and the United States about 7 per cent.

Sugar Cane.—Production of sugar during the past five years has averaged 20,000 tons. The greater part is consumed locally, and is sold at a high price, foreign sugar being unable to compete owing to a prohibitive tariff of approximately 8 cents per pound. There is, however, always a surplus available for export, and the tonnage exported during the past five years was as follows: 1923, 9,223; 1924, 5,446; 1925, 2,532; 1926, 6,638; 1927, 7,743. This appears to indicate a present interior consumption of about 15,000 tons per annum, which has increased about 50 per cent during the five-year period.

Indigo.—This was formerly an important crop, but owing to the competition of aniline dyes production is rapidly decreasing. The exports for the past six years (in tons) were: 1922, 124; 1923, 84; 1924, 106; 1925, 77; 1926, 45; and 1927, 17 (estimated).

Beans, or "Frijoles" form the second most important crop for local consumption. As in the case of maize, they are grown generally by small farmers, on small patches of ground, and are sold in the nearest market. The product does not enter into the foreign trade of the country to any extent, although any small surplus may be exported to the neighbouring countries.

Cotton.—The cultivation of cotton is a development of the past five years; the country is eminently suited to the production of this crop, but unfortunately the boll weevil made its appearance in 1924 with disastrous results. Further efforts were made during the following years, but the pest appears to be ineradicable, and the majority of the producers are now planting their cotton lands to other crops.

Balsam of Peru.—This, in spite of its name, is a purely El Salvadorean product, and is produced from a tree which grows in natural groups between Acajutla and La Libertad. It is used as incense, and for drugs and perfumery. It is exported to the extent of about 50 tons per annum.

Henequen, or Sisal, used in the manufacture of binder twine, is becoming a crop of increasing importance, the annual production at present amounting to about 14,000 tons per annum. The exports for the past five years (in tons) were as follows: 1923, 549; 1924, 451; 1925, 706; 1926, 801; 1927, 800.

VALUE OF EXPORTS

The total value (in Canadian currency) of exports during the following selected years was as follows: 1912, \$11,171,000; 1915, \$13,205,000; 1920, \$17,944,000; 1922, \$16,214,000; 1924, \$24,367,500; 1926, \$24,636,000; 1927, \$14,152,000.

The value of exports during 1926 and 1927 was as follows:—

	1926	1927
Coffee	\$23,000,000	\$12,500,000
Cotton	172,744	17,575
Sugar	763,375	994,016
Henequen	54,562	144,143
Balsam	119,531	111,226
Sundry	525,788	385,040
	<hr/>	<hr/>
	\$24,636,000	\$14,152,000

III

Imports

It is somewhat difficult to present a satisfactory statistical review of the import trade of El Salvador during recent years, owing to the fact that no detailed figures have been published since 1925, and those which were published for that year are not arranged in such a manner that the total values of the various commodities imported are readily ascertainable. However, a certain amount of information is available from Government and other sources, and the following statement gives the totals of the imports from various countries for the years shown:—

	1923	1924	1925
United States	\$ 6,770,558	\$ 8,496,978	\$14,090,195
Great Britain	1,595,433	1,811,708	2,091,820
Germany	606,178	1,349,603	1,367,871
France	396,585	532,512	820,953
Japan	328,939	505,475	354,039
All other	1,061,989	1,309,283	1,658,991
	<hr/> \$10,759,682	<hr/> \$14,005,559	<hr/> \$19,383,869

In 1926 imports were valued at \$26,035,000, and in 1927 at \$14,785,500, but no details are available.

The overwhelming preponderance of the United States as a factor in the import trade of El Salvador is due to its geographical situation, and is emphasized by the fact that the country has no seacoast on the Atlantic. Thus, goods from European ports must pass through the Panama canal before reaching El Salvador, whereas San Francisco is only fourteen days' and Los Angeles twelve days' sail from Acajutla. A railway is in course of construction which will connect San Salvador with the Atlantic port of Puerto Barrios (Guatemala); this should render competition more feasible, though there appears to be no doubt that the United States will always be the largest exporter to El Salvador.

On broad lines, the nature of the imports into El Salvador follows closely those of Guatemala: certain kinds of foodstuffs, textiles, iron and steel, machinery, railway equipment, leather, and cement. The geographical situation of the two countries is similar; the population has similar wants, and in neither has manufacturing advanced beyond the most elementary stage. Further, means of communication between the two countries are such that commercial houses find it possible to send travellers from one to the other without difficulty. Thus the commodities in demand are more or less the same, and what is sold in Guatemala will find an equally ready sale in El Salvador.

Among the various items of interest to Canadian exporters, however, may be mentioned the following:—

Flour.—In 1925 the imports of flour amounted to 9,617 tons, of a value of \$810,755; the whole of the supplies come from the United States, though it is reported that a certain quantity of Canadian flour is imported through brokers in San Francisco. The demand is principally for a soft flour, and ruling prices are from \$7.30 to \$8.20 per barrel c.i.f. Acajutla, consular fee paid. The method of packing is similar to that adopted in Guatemala.

Lard.—The demand is not large, the amount imported from the United States in 1925 being only about \$17,000.

Canned Fish.—There is a substantial demand for the large oval sardine, which is met exclusively from the Pacific Coast of the United States. Present prices are \$3.90 a case c.i.f., consular fee paid. Canned salmon is also popular, "Chum" enjoying a large sale; quotations are \$5.95 per case of fifty 1-pound talls. Canada has a share in this trade, which it is understood passes through the hands of San Francisco houses; it would appear that the business could be

increased if direct agencies were established. A certain amount of difficulty will be encountered in the fact that El Salvador gives tariff preferences to certain countries on canned foodstuffs, but experience proves that these preferences are not entirely unsurmountable.

Malt is imported from the United States to an annual value of about \$12,000.

Fruits and Vegetables.—Dried and fresh fruits and vegetables were imported to the value of about \$40,000. Among these are included potatoes; imports are valued at \$3,000. There is not a large market for fresh vegetables; fresh apples, however, appear to be in demand, and are supplied from the Pacific Coast. Preferences on fruits and vegetables are given to certain countries (France, Germany, Belgium, Italy, Switzerland, and Spain).

Timber.—There is a substantial demand for construction timber, which amounted in value to nearly \$400,000 in 1925. As has already been pointed out, El Salvador is quite unable to provide its own requirements, which will necessarily increase as the development of the country proceeds. In view of the facilities for shipment from the Pacific Coast, it appears feasible for Canada to secure a fair portion of the business.

Mineral Oils and Gasolene are imported to the value of about \$400,000 per annum.

Cement.—There is a substantial demand, which is reported to be increasing. The following statement shows the principal sources of supply during the year 1925:—

	Tons	Value
United States	6,058	\$123,420
Norway	4,989	115,236
Germany	2,989	52,456
Sweden	2,177	42,666
Belgium	1,584	28,127
Great Britain	362	7,418
Denmark	18	208
	18,177	\$369,531

It is reported that the Scandinavian countries have been securing the bulk of the trade, cement from Sweden selling as low as \$2.50 a barrel of 180 kilos (400 pounds) c.i.f. This is due to the fact that steamers from these countries sail direct to El Salvador, and quote extremely low freight rates in order to secure outward cargo. In fact, one of the steamboat companies is reported to own a large cement factory which it operates for this special purpose.

Colours, Paints, and Varnishes were imported from the United States in 1925 to the value of \$52,466, from Great Britain to the value of \$20,380, and from Germany to the value of \$21,046.

Drugs and Medicinal Compounds are in large demand. The following gives the principal countries of origin and values for the year 1925: United States, \$138,072; Germany, \$21,646; France, \$75,997; Spain, \$1,111.

Leather.—There are substantial imports of leather, the figures for 1925 totalling \$400,481, sources of supply being as follows: United States, \$356,273; Germany, \$18,272; Great Britain, \$14,206; France, \$2,041; Costa Rica, \$4,478; Denmark, \$1,989; Spain, \$3,222.

Textiles constitute the largest single item of imports into El Salvador, and amount in value to approximately five millions of dollars per annum. The United States supplies about 60 per cent of the total, Great Britain 30 per cent, and the remainder is divided between Germany, France, and Spain. China and

Belgium also appear in the statistics, but to a negligible extent. The principal imports consist of cotton piece goods, which alone account for about 40 per cent of the total. "Manta", a kind of coarse cotton cloth worn by the native labourer, comes second in importance, and represents about 25 per cent of the total. Among other items which are imported to the value of \$100,000 per annum or over may be mentioned sewing thread, woollen piece goods, silk piece goods, cotton drill, and underwear. The market is worth investigating by firms manufacturing coarse cottons, and possibly artificial silk goods could be exported by Canada to El Salvador; it would appear difficult to compete in the finer counts of cotton goods.

Automobiles.—There are at present about 2,400 automobiles in the country, this number having increased from 1,400 during the past year. It is probable that the demand will continue to expand on account of the improvements which are being made in the highway system, and also on account of the requirements of the owners of the large coffee estates, who usually maintain two or three private automobiles, and often buy new ones every year. An unusual feature of the automobile business is that the make of cars in demand varies rapidly, and no car remains popular for long at a time. This is due to changes in fashion and the desire for variety. Thus one year an agent for a certain manufacturer may secure a large sale for his machines; next year another agent, introducing a different make, may secure the bulk of the business; and a third year still another manufacturer may get most of the trade.

IMPORTS FROM CANADA

So far as the imports from Canada are concerned, the following statement gives total values for the fiscal years ending the 31st of March for the years shown: 1922, \$27,106; 1923, \$47,554; 1924, \$81,998; 1925, \$236,485; 1926, \$141,297; 1927, \$148,676; 1928, \$97,232.

The value of these figures is modified by the fact that the greater part consists of one product (whisky), which was exported to El Salvador to the value of \$103,699 in 1927 and \$20,637 in 1928. If this item were excluded, the total for 1927 would be \$44,977, and in 1928, \$76,595; these sums are made up of small quantities of flour, pneumatic tires, canned salmon, cotton duck, wallpaper, printed matter, iron pipes, automobiles, and chemicals. Individual values are small, and only in a few cases do they exceed five thousand dollars. They, however, serve to indicate the possibilities, and prove that opportunities exist for Canada if proper action is adopted to take advantage of them.

IV

Tariff, Packing, and Documentation

The import tariff of El Salvador is specific—that is to say, duties are charged upon the weight of the goods themselves, and not upon the value of the invoice, as is the custom in Canada. There are a few exceptions to this rule, such as cattle (which are dutiable per head), precious metals (*ad valorem*), timber (per 1,000 F.B.M.), jewellery (*ad valorem*), and automobiles (*ad valorem*). Generally speaking, the rates of duty are high, and act as a deterrent to foreign trade; at the same time, they can hardly be considered as a heavy burden upon the poorer classes of the population, as these classes are not consumers of foreign goods to any large extent. Neither do they act as a protective tariff to local industries, as no increase in such industries has taken place on account of their incidence. Their main object is to raise sufficient revenue for the service of the foreign debt, and to provide a portion of the Government expenses; in this they are successful.

A peculiar feature of the customs tariff of El Salvador is found in the fact that all duties are quoted in American dollars and cents, and not in the national currency.

The tariff consists of several thousand items, and is classified according to the Brussels Convention, as follows: (1) live animals; (2) foodstuffs and beverages; (3) raw or semi-manufactured products; (4) manufactured products; (5) gold, silver, and currency.

Until the month of August, 1927, there were numerous surcharges, in addition to the ordinary tariff, imposed upon foreign goods entering the country. These charges involved such complicated calculations and such delays in clearance that it was decided to combine them with the tariff itself. This was done by means of a supplement to the general tariff, which shows:—

- (a) Duties now chargeable upon goods which previously entered "free of duty, taxes, and expenses".
- (b) Duties now chargeable upon goods which previously entered "free of duty".
- (c) Duties which have been completely changed.
- (d) The new scale of duties on all other goods, indexed according to the original duties, and the corresponding rate which now applies.

As examples of (a), all live animals previously entered free of duty, whereas they are now dutiable at rates varying from \$1 to \$3 per head.

As examples of (b), milk and cream formerly entered free, but are now dutiable at \$2.50 per 100 kilos. Fire extinguishers, formerly admitted free, now pay duty at the rate of \$5 per 100 kilos.

As examples of (c), kerosene, which formerly paid 5 cents per kilo, has now been reduced to \$2.50 per 100 kilos, and salts of quinine, formerly dutiable at 10 cents per kilo, has been reduced to \$5 per 100 kilos.

As examples of (d):—

Any goods which formerly paid the following rates, exclusive of surcharges	Now pay the single duty, inclusive of surcharges, of
10 cents per kilo.	\$18.50 per 100 kilos.
20 cents per kilo.	35.00 per 100 kilos.
40 cents per kilo.	68.00 per 100 kilos.
50 cents per kilo.	85.00 per 100 kilos.
60 cents per kilo.	1.00 per kilo.
\$1.00 per kilo.	1.70 per kilo.
\$1.50 per kilo.	2.50 per kilo.

and so on.

One surcharge, however, is still made at the port of entry, which is in the nature of a consular fee, and amounts to 2 per cent of the invoice value of the goods. (A further 2 per cent is payable by the exporter, making the total consular fee 4 per cent.)

Surcharges are also made on goods shipped by parcel post as follows:—

When the rate of duty does not exceed 30 cents per kilo, the surcharge is 12 cents per kilo, plus 10 per cent of the duties.

When the rate of duty exceeds 30 cents per kilo, the surcharge is 25 per cent of the duty.

Certain goods can be imported only by the Government, or by their special permission. Of these, the principal are aeroplanes for war purposes, brandy in bulk, apparatus for the manufacture of ethyl alcohol, essential oils for the manufacture of liquors, explosives, military rifles, and saltpetre. There is also a list of prohibited imports, of the usual type.

PREFERENTIAL TARIFFS

There is a "minimum tariff" in effect in El Salvador, which gives certain advantages to France, Germany, Belgium, Italy, Switzerland, and Spain. It is understood that this tariff may be extended to certain other countries, and negotiations to this end are proceeding. The list of goods affected by this

special tariff is not extensive, and includes wines and liquors, sardines, mineral waters, books, perfumes, olives, preserved foodstuffs, sauces, vegetables, biscuits, cheese, sugar, chocolates and sweetmeats, walking sticks, cigar cases, jewellery, buttons, and surgical instruments. In order that Canadian exporters may be able to form a judgment as to the effect of the preferences, a comparison of the rates of duty on a few of the articles is given below (in dollars per 100 kilos):—

	General Tariff 100 Kg.	Preferential Tariff 100 Kg.
Sardines	\$ 35 00	\$24 81
Canned salmon	51 40	29 29
Biscuits	35 00	24 81
Cheese	51 40	29 29
Chocolates and candies	51 40	29 29
Rubber goods, n.o.s.	100 00	50 57
Brushes, hair-, tooth-, nail-	85 00	50 57
Brushes, boot-, horse-, etc.	26 80	19 21

There are further preferences granted to the Central American republics, the principal items affected being turpentine, non-edible starch, wood tar, indigo, resin, cocoa, mother of pearl, crude rubber, onions, hides, chocolates, fruits, horses, sheep, mules, donkeys, pigs, cattle, hammocks, flour, soap, lard, butter, potatoes, dried fish, cheese, tallow, sesame, straw hats, tobacco, wheat, and sarsaparilla. In addition, the products of the Republic of Honduras are admitted free of duty.

PACKING

It will be observed from the few rates of duty quoted previously that the tariff of El Salvador is exceedingly high in comparison with that of other countries; and it has already been explained that practically all duties are based upon the gross weights of packages, including both inner and outer containers. Net and "legal" weights are not recognized.

Thus, the weights of packing cases assume a vital importance when exporting to El Salvador. Ordinary methods of packing become unacceptable because they increase the weight of goods to such an extent that duties become absolutely prohibitive. And the merchant or exporter who makes a close, intelligent study of the subject will gain an advantage over his competitors which should more than counterbalance any similar advantage which the latter may have in freight, preferential duties, or ease of communication. All importers in El Salvador are familiar with the subject, and emphasize its importance; for this reason, Canadian exporters who desire to trade with the republic are advised to secure all possible information on the subject before making their first shipment.

In the first place, lightness combined with strength is essential—the former to reduce the duties, and the latter on account of the rough handling which packing cases receive at ports where lighterage is necessary. The methods adopted with this object vary widely and cannot be specified in detail; generally, however, they consist in using the lightest possible wood for the outer container, strapped with the thinnest possible steel bands, which are preferably placed at the ends of the case, where their pressure will be supported by the sides, thus:—

Another method, which is an adaptation of the above, consists in the use of crates—a framework of stiff wooden slats—lined with strong cardboard; as an alternative, the package case itself may be made of corrugated board, Bristol board or other similar material, and reinforced along all edges with wooden strips. Still another method, which was advocated by an importer of canned foodstuffs, comprised corrugated cardboard cases, only one-half the size of the usual packing case (and therefore holding one-half its contents), and bound with thin,

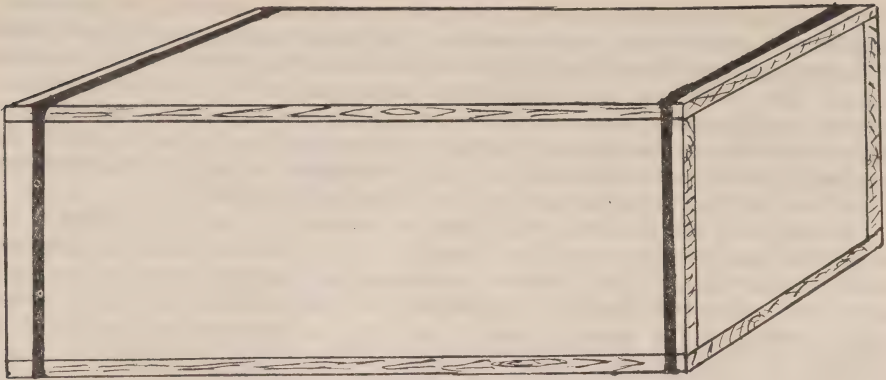


FIG. A

strong steel wire in place of the usual steel bands. Thin plywood may also be used with advantage as material for packing cases on account of its lightness as compared with its strength.

A further means of reducing the weight of shipments to El Salvador is by the selection of suitable interior packing—straw, excelsior, etc.—when the goods themselves are liable to breakage, as in the case of china, glassware, and other similar commodities. Such packing can frequently be reduced in quantity without serious danger to the contents, and sometimes a material of lighter weight can be selected than that which has been customary. This method has been improved upon to a still greater extent by certain French firms, which ship bottled liquors to El Salvador without making use of the usual straw bottle wrappers at all; in such cases two opposite sides of the outer packing case are countersunk internally, each side containing six circular holes (in two rows of three holes each) of such a size that the bases of the bottles fit sufficiently tightly into them to prevent movement, and of a depth of about a quarter of an inch. The necks of the bottles face inwards towards the centre of the packing case, and are held in position by a central segment of thin wood, perforated with similar holes in which the necks themselves are rigidly held. This central segment is divided into three parts to facilitate removal of the bottles themselves, and is held in position by being inserted in grooves made in each side of the packing case.

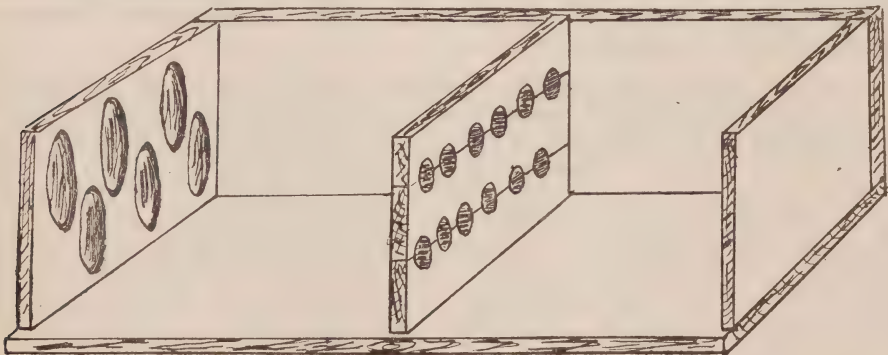


FIG. B (Top and one side removed.)

The above illustration of a top view of the method will make the matter clear.

Additional reductions in weight may be secured by omitting the immediate containers in cases where this is feasible. For instance, boots and shoes, which are usually shipped in cardboard boxes containing one pair each, may be packed in bulk, the cardboard boxes themselves being packed flat and shipped in a separate consignment; certain bottled goods, such as drugs and chemicals, may be sent in drums or barrels and bottled after arrival; toilet soaps, which are frequently packed in fancy boxes, may also be shipped in bulk. Other instances of this kind will occur to the mind of the individual exporter.

Examples of the economy which may be effected by careful packing in the manner outlined above are not far to seek. In one case examined, an importer of sardines pointed out that the use of cardboard cartons with wire binding (each carton containing twenty-four tins instead of the usual forty-eight) represented a saving of 1.8 kilos (4 pounds) per case; as the duty on sardines is 35 cents per kilo, the saving on each case was 63 cents, and was equivalent to a reduction in the price quoted by the exporter of a similar amount. In canned salmon, it was pointed out that every pound saved in the weight of the packing case represented a reduction in delivered cost of 23 cents (the duty being \$51.40 per 100 kilos). These figures are sufficient in themselves to make the difference between securing and losing an order, and amply demonstrate the fact that extra care in packing for the El Salvador market more than pays for itself.

MARKING AND LABELLING

There are no special regulations in regard to the labelling of packing cases entering El Salvador. It should be noted, however, that pharmaceutical preparations which contain two or more ingredients have to be registered, the charge for registration being 60 colones; the penalty for non-registration is confiscation. The formulæ of such preparations need not be published or printed on the labels, but six samples have to be submitted to the appropriate Government department for approval. Exporters of such products would be well advised to leave this matter in the hands of their local agents, instructing them to take the necessary legal steps.

DOCUMENTATION

No difficulty need be anticipated in the documentation of shipments to El Salvador. Six copies of the consular invoice and four copies of the bill of lading are required, and in addition it is desirable (but not essential) to submit a copy of the commercial invoice. The following are details of the mode of preparation of these various documents:—

Consular Invoice.—The standard consular invoice, the actual dimensions of which are 13½ inches by 9 inches, may be purchased from all consular officers of the republic at the equivalent of 60 cents, Canadian currency, per set of six, and should be filled in in Spanish; if this language is not understood by the exporter, the consul is usually willing to prepare them, and it is for this reason that it is desirable to submit to him a copy of the commercial invoice. The fee for certification is 2 per cent of the invoice value of the goods as shown on the commercial invoice (but it should be noted that, as previously explained, a further 2 per cent is also collected at the port of entry in El Salvador—this latter, however, is paid by the importer, and the matter is therefore of no interest to the shipper).

Bills of Lading.—Four copies of the ordinary bill of lading must be submitted to the consul for certification. A varying fee is charged, but in no case does this exceed the equivalent of \$10 Canadian currency.

The above documents may be submitted to either the nearest consul of El Salvador or to the consul at the port of shipment for the necessary certification. After this has been done, they should be forwarded in sufficient time to reach the consignee before the arrival of the goods themselves.

Consular invoices are required with parcel post shipments, and it should be noted that such shipments are subject to an additional customs duty on arrival (as explained under the heading of "Tariff"); for this reason goods should not be sent by parcel post except on specific instructions of the consignee.

V

Representation, Advertising and Trade Marks

In common with other Central American republics, the method of representation of foreign firms in El Salvador has not yet settled down to any definite system, goods being purchased by the retailer in any manner which may be found convenient at the time of ordering. There are, however, a few (probably not more than three or four in all) responsible manufacturers' representatives in the capital, of British origin or connections, whose standing is above question, and who are always willing to consider the representation of Canadian products. It would appear that these offer the best method of introducing new commodities at the present time.

Special conditions, however, exist in connection with certain commodities. For instance, in the textile and similar trades, first-class firms seldom buy through local agents, as they prefer to deal direct with exporters in such centres as Manchester, with whom they have open accounts. As a variation of this method, they may purchase from commercial travellers who visit El Salvador at regular intervals. The advantage of these direct connections, which in many cases have existed for a period of years, is found in the fact that exporters of textiles give a monopoly of certain designs or patterns to the importers with whom they deal in El Salvador, and will protect the interests of the latter in such designs to the fullest possible extent. Thus, the exclusive right to a popular pattern becomes financially valuable, and neither the importer nor the exporter will jeopardize his position by buying from or selling to local agents. In general, the Syrian merchant is capturing the textile trade, and dealers of other nationalities are showing a tendency to abandon it for other lines where competition is not so keen. As a rule, the Syrian is a close buyer; he requires extended credit, and is also addicted to making claims. In spite of these facts, the Syrian merchant is usually good for his engagements and, subject to the delay and difficulty in collection of accounts, may be considered a satisfactory risk; this opinion is confirmed by the fact that (with two exceptions) there have been no bankruptcies among Syrian firms in El Salvador during the past eight years.

Apart from representation by manufacturers' agents and direct buying as outlined above, some firms act as both importers and retailers, and also combine these functions with that of representation.

Terms of payment depend upon the standing of the buyer and the custom adopted by dealers in the commodities handled. At the top of the list is the first-class merchant, who usually wishes to pay cash and secure the advantage of all discounts allowed; in El Salvador this type of merchant frequently will not accept drafts passed through the banks, and insists upon all documents being sent direct to him. The explanation of this attitude is found in the fact that banks charge a commission for collection which he is unwilling to pay, and further he considers that his rivals may secure information in regard to his business if invoices or shipping documents reach the hands of a third party. As one dealer expressed it, "local banks can tell a lot to a traveller that he

ought not to know, if they have a chance of examining documents first". However mistaken this idea may be from a Canadian point of view, the situation must be recognized, and exporters will probably be required to conform to the usual custom when dealing with high-class firms.

It may be mentioned in this connection that there are probably six of these high-class firms in San Salvador; their standing may be ascertained from the agent of the exporter or from the branch of the British bank established in the capital.

Next in order come the second-class merchants, who will usually ask for credit; in these cases the opinion of the agent should be ascertained as to the desirability of extending accommodation, it being understood that a request for credit does not necessarily show that the firm is unreliable.

In a lower grade still is the small merchant, who will not pay cash under any circumstances, and always postpones payment until the latest possible moment. These are usually dealers in textiles, carpets, soaps, perfumery and notions; they occasionally have wide connections and, subject to this one difficulty of collections, are desirable customers. They are keen buyers and keen sellers; they are satisfied with a small margin of profit, and can frequently undercut the prices charged by a higher-class firm, thus securing a much wider market for their goods.

The balance of advantage as between these three types of merchants is a matter for the individual exporter to decide. As a general rule, if no arrangements have been made in regard to representation, it is desirable to secure the opinions of British officials and bankers on the spot as to the best methods to pursue, and this should invariably be done by commercial travellers when visiting El Salvador.

ADVERTISING

Advertising has not been developed to any great extent in El Salvador. The principal method of propaganda is by means of the daily newspapers, but these are of limited circulation—probably the best of them does not exceed 6,000 copies—and advertisements are largely confined to pharmaceutical products and foodstuffs. The opinion has, however, been expressed that newspaper advertising is capable of great expansion, and instances have been quoted where an enterprising representative of foreign products has been able to secure highly satisfactory results by this means. (The names of the principal daily papers in San Salvador may be obtained on application.)

Apart from newspaper advertising, the best means of introducing new products appears to be by means of small folders, handbills, or pamphlets, which may be either mailed to prospective customers or delivered by hand from house to house. One active manufacturers' representative expresses the opinion that this gives the most satisfactory results, his method being to take a boy with him on all selling trips into the interior, laying out a program and supervising the distribution in every town visited. It must be admitted that the success of this form of advertising depends very largely upon the manner in which the handbills are prepared; clear, simple language and well-displayed illustrations (which should preferably contain a picture of the product itself) are essential, and it is desirable that both the preparation and the printing of the advertisements should be done locally, in order that they may make the maximum appeal to the consuming public.

There are no electric "sky-signs" in El Salvador, and the ordinary printed wall-poster is not used on account of its rapid deterioration under the influence of the tropical sun. Enamelled signs are used to a small extent on blank walls and the exterior of stores, and counter and window displays are fairly common.

COMMERCIAL TRAVELLERS' REGULATIONS

Commercial travellers do not require any special licence for doing business in El Salvador, but certain municipalities impose taxes of varying amounts (50 colones in the capital); the system of collection is, however, somewhat lax, and it is frequently found possible to travel throughout the country without being asked for payment at all.

Samples are dutiable at the full rate according to the tariff; but on leaving the country the duties are refunded on any samples which accompany the traveller. For this reason, the receipts covering payments of such duties should be carefully preserved.

TRADE MARKS

It is desirable to register trade marks or labels before doing business in El Salvador. The fee for registration is the equivalent of \$50 Canadian currency, protection being for a term of five years. After this period, a nominal sum is payable yearly, or, if preferred, fees for twenty years may be paid at once, and this gives rights to the trade mark in perpetuity.

As a general rule, applications for registrations should be made through the local representative of the exporter, or through some good lawyer who is accustomed to the necessary routine. (The names of the latter may be obtained on application.)

HONDURAS

I

General

GEOGRAPHICAL AND HISTORICAL SUMMARY

The Republic of Honduras (sometimes called "Spanish Honduras" among English-speaking nations, to distinguish it from the Crown Colony of British Honduras) occupies the middle portion of Central America. It lies between North latitude $13^{\circ} 10'$ and 16° , and between West longitude $83^{\circ} 10'$ and $88^{\circ} 40'$; its shape is roughly that of an inverted triangle, based on the Atlantic Ocean or Caribbean Sea to the north for a distance of some 400 miles. To the west it is bordered by Guatemala and El Salvador, and to the east by Nicaragua; the apex of the triangle touches the Gulf of Fonseca, thereby providing a coastline on the Pacific Ocean for a distance of about 40 miles.

The area is variously estimated at from 44,275 to 46,250 square miles, and the population at 680,000, giving a density of approximately 15 inhabitants to the square mile. It thus ranks third, both in area and population, of the Central American states.

In general, the country is mountainous, being traversed by the range of the Central American Cordilleras throughout its entire length. The character of the country differs, however, from that of Guatemala and El Salvador in many important respects. In the first place, Honduras does not come within the sweep of the volcanic zone, which on leaving El Salvador is lost in the waters of the Pacific, to reappear in Costa Rica and the Andean range of South America; thus there is not found in Honduras the rich decomposed tufas which have formed farther north an ideal soil for the cultivation of coffee and other crops. Secondly, the mountains are somewhat more rugged, though less in height, than in El Salvador, with the result that the valleys on the Pacific side are smaller and less capable of cultivation. In the interior the country consists largely of open plateaus suitable for the raising of cattle, and these descend on the Atlantic side to low-lying plains penetrated by scattered spurs of the main chain of mountains which in many cases reach to the water's edge. On the whole, the country is rich in natural resources both agricultural and mineral; but these in great part still await development.

The climate on both the Atlantic and Pacific coasts is tropical; but the intense heat is modified at certain seasons of the year by heavy rainfalls and trade winds; in the uplands of the interior it is warm but by no means unpleasant.

Honduras was visited by Christopher Columbus in 1502, and the first settlements were founded in 1524. In the following year, Hernando Cortez, the conqueror of Mexico, founded the port on the Atlantic coast which bears his name, and from 1539 to 1821 the country was included in the Spanish province of Guatemala. Upon the declaration of independence, Honduras was included in the Confederation of Central American Republics, which dissolved in 1839, and since that time she has been an independent republic.

Unfortunately, her independence of Spanish control did not lead to any improvement in her political or commercial condition. Many reasons contributed to this result. In the first place, her central position involved her in the disputes of her neighbours, and there were few armed uprisings in Central America which did not involve her in a greater or lesser degree. Added to this

internal jealousies produced constant civil war; the population of the country was of such a character (being a mixture of Indian, negro and European, with probably not more than 10 per cent of pure European origin) that it was incapable of governing itself; and among the political leaders the spoils of office were a greater incentive to power than the development of the country's resources. To these facts must be added financial mismanagement; a portion of the blame in this connection should, however, be allocated to European issuing houses, for the scandal of the Honduras loans still forms a fruitful theme for the writers of text books on international finance.

A detailed history of the numerous disturbances which have taken place during the past century would be too tedious to recount in detail. It will be sufficient to say that a revolution took place in 1924, which was the most destructive since the year of independence, and further uprisings took place in 1925 and 1926; for the past two years the country has been comparatively peaceful, although rumours of friction with neighbouring countries, and the possibility of internal difficulties, are of frequent occurrence.

For these reasons, Honduras remains in a more backward condition than the majority of the Central American republics. Such development as has taken place has been due principally to the efforts of foreign corporations, which are active in the cultivation of bananas on the Atlantic coast, and in the working of mineral deposits in the neighbourhood of the capital. The future progress of the country is dependent upon internal peace more than any other factor, and this depends in its turn upon the adoption of constitutional methods of government. Given political and financial stability, there is no doubt that the country would develop rapidly on modern lines, and signs are not wanting that this development may take place within the next few years.

CURRENCY

The monetary system of Honduras is at present in a state of transition. In 1926 a law was passed establishing the Lempira as the unit of currency, with a value of 50 cents (United States). No issue of this currency has, however, yet been made, and the basis of exchange is at present the old peso, which has approximately the same value as the Lempira. American bills and fractional currency circulate, and peso bills (and multiples thereof) are issued by local banks. On the north coast, practically the only circulating medium consists of United States currency on account of the influence of the fruit companies operating in that area.

Honduras has little metallic currency of its own, the silver coinage having disappeared from circulation many years ago on account of it containing small quantities of gold, which made it profitable to export it as bullion.

There are two banks in Honduras, as follows:—

Banco Atlantida, the head office of which is at La Ceiba, with branches at Trujillo, Tela, Puerto Cortés, San Pedro Sula and Tegucigalpa. This bank is closely allied with American interests, and is reported to be owned by a New Orleans fruit and shipping company. It has the right of issuing paper currency against a 50 per cent reserve.

Banco de Honduras is owned by native interests, and has offices at Tegucigalpa and San Pedro Sula. It also has the right of issue.

In addition to the above, a few commercial houses in the capital and other cities do a private banking business.

CHIEF TOWNS AND COMMUNICATIONS

Means of communication in Honduras are still in a somewhat primitive state. In the interior they consist largely of mule tracks, although efforts have been made to establish a system of highways suitable for motor traffic, and on the

Atlantic coast there are a number of railways which are devoted to the service of the banana industry. The principal fact to be borne in mind by the prospective visitor is the difficulty of crossing the country from coast to coast; this may be accomplished in the dry season, but it is always advisable to take local advice before attempting the trip. As a general rule, however, commercial travellers prefer to make two separate visits to the country: one to cover the southern area which is accessible from the Pacific coast, and the other for the purpose of canvassing the towns on the Atlantic coast. These trips are made in conjunction with visits to the other Central American republics.

Taking the Pacific side first, the only port of entry is Amapala, situated on Tigre Island, in the Gulf of Fonseca. This may be reached by launch from La Unión (El Salvador), or by the steamers of the Pacific Mail Steamship Company, from either that port or Corinto (Nicaragua). Access to Tegucigalpa (the capital) from Amapala is via launch to San Lorenzo, a port on the mainland. Here motor buses usually meet arriving travellers and convey them to Tegucigalpa, with a stop at Pespire overnight; the distance from San Lorenzo to Tegucigalpa is 80 miles.

Tegucigalpa (population 40,000) is both the political and commercial centre of the republic, and is a distributing point for the whole of the interior. As a rule all representatives of foreign houses are established here. Other towns accessible from the Pacific side are:—

Amapala (population about 3,000), the Pacific coast port mentioned above. Lighterage is necessary.

Choluteca (population 5,000) may be reached by launch from Amapala to Pedregal, whence a cart road (seven miles) is taken to the city. It is the centre of a cattle district.

Comayagua (population 7,000) is 70 miles from Tegucigalpa, whence it may be reached by automobile. It is the centre of an agricultural and mining district.

San Juanquito, 20 miles from Tegucigalpa by cart road, is the centre of a rich silver-mining district.

Juticalpa, the second city of the republic, is 120 miles from Tegucigalpa. It is the centre of a rich agricultural region, and is accessible by mule team.

Other cities which might be visited from Tegucigalpa are La Paz, Santa Bárbara, Cedros, Danli, and Yucaran.

On the Atlantic side, the chief centres of commerce are the ports which have been established by three American fruit companies for the development of the banana industry. These may be visited after leaving Guatemala or Nicaragua, but careful local inquiries should be made in regard to routes and times of sailing, as the traveller will find it impossible to fix a time-table in advance.

Puerto Cortez (population 3,000) is the principal port on the Atlantic coast. It is a centre for the export of bananas, and a fair trade is done by independent merchants. It may be reached in three days from New Orleans, and it is worthy of a visit by commercial travellers who canvass retailers. There is good wharfage and handling facilities.

Tela (population 2,500) is also an important centre for banana exports. In general, conditions are similar to those of Puerto Cortez, and the same remarks apply. There is rail communication with the interior.

La Ceiba (population 10,000) is also a banana centre. It may be reached from Tela by rail or direct from New Orleans by steamer. There is good wharfage accommodation, and the city will repay a visit by commercial travellers.

Trujillo (population 2,000) was formerly an important port, but has recently declined in consequence of the rise of Puerto Castilla. Lighterage is necessary.

Puerto Castilla (population about 4,000) is across the bay from Trujillo. It may be reached from New Orleans by the United Fruit Company's steamers or by launch from local points. It will not repay a special visit, as the only buyer is the Fruit Company, which has purchasing offices in the United States.

Other cities accessible from the Atlantic coast are:—

San Pedro Sula (population 8,000) is on the National Railways about 40 miles from Puerto Cortez. It produces bananas and sugar, and there are also some small manufacturing industries. It is an important distributing point, and should be visited by travellers who canvass the retail trade.

Santa Bárbara (population 6,000) may be reached by mule train from San Pedro Sula. It is of growing importance, but would only repay a visit under exceptional circumstances.

Santa Rosa de Copan is the largest city on the Atlantic side, but is difficult of access, being 140 miles from San Pedro Sula, by mule train.

Railways are all on the Atlantic side, and are somewhat primitive in their ideas of passenger accommodation, time-tables, and speed. The National Railway (operated by one of the fruit companies under a concession from the

Government) runs from Puerto Cortés to Potrerillos, a distance of 60 miles, and it is proposed to extend this to Lake Yojoa, whence it will connect with the interoceanic highway system. From Ceiba a privately owned railway serves the banana district with a total mileage of something over 100 miles. The Tela Railroad Company operates from Tela to Progreso, and has a total mileage of 122 miles. A railway also runs from Puerto Castilla to Trujillo, and there are also about 33 miles in the Cuyamel district. In addition, work is proceeding on a line from La Ceiba to Trujillo, which will open a new banana district and will also benefit Trujillo and Puerto Castilla. It will seldom be necessary for the traveller to use these railways (with the possible exception of the first named), and local information should always be sought as to time-tables, etc.

It is occasionally possible to travel from the capital to the Atlantic coast by aeroplane; special arrangements for the trip must be made locally.

II

Natural Resources, Exports and Imports

By far the most important product of Honduras is the banana, which is raised in enormous quantities on the Atlantic coast and shipped to the North American continent and Europe. Cocoanuts are also raised in large quantities, and the production of tobacco, sugar, coffee, maize, and hardwoods add to the wealth of the country to a lesser extent. The country is known to be rich in metallic ores; but, with the exception of one large and prosperous silver mine near the capital, these resources are still undeveloped.

There are few manufacturing industries, and these are usually on a small scale, being established only for the purpose of supplying local demands; among others may be mentioned cigarettes, soap, shoes, candles, hats, liquors, and mineral waters.

With regard to exports, these consist of bananas, silver, sugar, cocoanuts, and coffee. The following were the total values (in United States dollars) for the years shown (fiscal years ending July 31): 1914, \$3,421,331; 1920, \$6,944,725; 1922, \$5,386,406; 1924, \$7,897,046; 1925, \$11,983,051; 1926, \$13,456,001; 1927, \$17,546,290.

No detailed figures are available for 1927, but the following gives a list of the principal items for 1926: bananas, \$9,850,801; silver, \$1,742,976; sugar, \$898,515; coffee, \$450,197; cocoanuts, \$145,502; cattle, \$74,955; all others, \$293,055.

Of these, bananas, silver, and sugar are almost entirely due to the efforts of foreign companies, and coffee and cocoanuts are partly so. The volume of exports due to native enterprise is practically negligible.

A fact worthy of mention is that Canada is an important customer for Honduran sugar, the figures of export being as follows for the years shown:—

	To United States Tons	To Canada Tons	Total Tons
1923..	5,168	8,657	13,825
1924..	1,910	13,263	15,173
1925..	7,242	21,066	28,308
1926.. . . . .	....	20,276	20,276

With regard to imports, these come principally from the United States (to the extent of over 80 per cent). Great Britain supplies something over 6 per cent and Germany nearly 4 per cent; the remainder is divided between various European countries and the bordering states of Central America.

The following statement gives the values of imports for the years shown:—

	1925	1926	1927
Live stock..	\$ 36,560	\$ 48,900	\$ 51,315
Foodstuffs	2,896,188	2,128,700	2,220,671
Raw materials	1,271,835	1,130,979	1,693,661
Manufactures..	7,798,178	6,166,344	6,364,769
Gold, silver, and coin	750,000	425,026	300,000
	<u>\$12,752,761</u>	<u>\$9,899,949</u>	<u>\$10,630,416</u>

The countries of origin were as follows:—

	1925	1926
United States	\$10,263,996	\$8,116,317
Great Britain	795,921	642,410
Germany	308,198	383,582
France..	438,793	159,225
Italy	222,956	101,213
All other	722,897	497,202
	<u>\$12,752,761</u>	<u>\$9,899,949</u>

In considering the possibilities of Canadian trade, it must be admitted that Honduras presents some unusual features. In the first place, the industry on the Atlantic coast, which is by far the most important from the point of view of foreign trade, is practically due to the efforts of three United States fruit companies, two of which have their headquarters in New Orleans and one in Boston. A large but unknown portion of the imports of the republic is due to the requirements of these companies, and the only steamship lines touching at the Atlantic ports are owned and operated by them. On the Pacific side, the only port is Amapala, and the only important distributing centre is Tegucigalpa. The total receipts of freight at Amapala are only about 10,000 tons per annum, and these are conveyed to the capital by means of ox-carts, which make the journey in ten days, or by a fleet of fifteen motor trucks, which accomplish it in about twenty-four hours. Freight rates are high, varying from 35 centavos per arroba (equal to 70 cents per 100 pounds) to 65 centavos per arroba (equal to \$1.30 per 100 pounds) for the distance of 80 miles, plus a charge of \$6 United States currency per ton, cubic measure, for conveyance by launch from Amapala to San Lorenzo. These charges, added to customs duties, increase the cost of goods enormously, and it is not infrequent to find merchandise selling at from three to five times its retail value in Canada. The market is, however, worthy of attention by exporters who desire to cultivate the trade of Central America in an intensive manner. The following are brief details in regard to the principal items of import:—

Automobiles.—The value of automobiles imported amounted to \$108,000 in 1925, and to \$48,000 in 1926. It is known that a number of these came from Canada, although credited to the United States in the statistics, and one make of Canadian car is reported to be gaining an increasing popularity owing to its suitability for public passenger service between the Pacific coast and the capital. The demand for motor trucks is met from the United States, and is likely to increase as the highways of the republic are opened up; the business, however, is at present in the hands of a limited number of firms who already have suitable connections, and special efforts would be necessary to introduce a new product.

Canned goods of various kinds come from the United States, Great Britain, and France. There is probably an opportunity for Canadian salmon, and the Canadian sardine should meet with the same success as in other Central American republics, where it has recently taken the place of the Norwegian product. The total imports amount to about \$126,000, most of which appear to be consumed on the Atlantic coast.

Cement.—The market has a value of \$50,000 per annum, most of which is stated to come from the United States. It is understood, however, that probably a third of the total imports originate in Canada, more especially for use on the Atlantic side. On the Pacific coast, Scandinavian cements are said to be popular, due to very low prices; steamers from Scandinavian countries sail direct, and quote extremely low freights in order to secure outward cargo.

Chemicals.—The value of the imports is about \$225,000 per annum, the principal demand being in connection with the silver-mining industry in the vicinity of Tegucigalpa. The requirements of this industry are supplied from Canada, and an appreciable quantity of calcium carbide is imported from the Dominion.

Cheese.—The imports average \$25,000 per annum in value, of which over 80 per cent comes from the United States and the remainder from Great Britain. There is not much demand in the Pacific area, the greater part of the supply being for consumption in the foreign colonies on the Atlantic. It is possible that Canada could secure a small portion of the trade, but the requirements of Honduras are obviously not worth any special effort except in conjunction with other Central American states.

Colours, Paints, and Varnishes.—The imports amount to about \$100,000 per annum. On the Atlantic side, where buildings are frequently of wood, there is a substantial demand; on the Pacific side this is more limited, as the native, although he occasionally uses wood for buildings, does not pay much attention to their appearance. A small market might be found for a Canadian product which was cheap enough to compete with present supplies.

Confectionery.—The imports average \$50,000 per annum in value. Supplies are scarce and high in price, but a demand exists on both coasts which would appear to be susceptible of development.

Eggs.—Imports average \$60,000 per annum, all from the United States.

Electrical Machinery and Utensils.—The electric power plant in the capital is controlled by the Government; it is used almost exclusively for lighting purposes, there being very little demand for power on account of the lack of industrial plants. Current is expensive, the rate being 62½ cents Canadian currency per month per 16-watt bulb. On account of this high cost, there is no demand for electrical household equipment with the exception of electric irons; the use of these, however, costs \$3 Canadian currency per month, which limits their use to a very few families. The total imports of electrical machinery and equipment amount to \$150,000 per annum.

Flour.—There is a demand to the extent of about \$400,000 per annum, which at present is supplied from Oregon for the Pacific side, and from Texas for the Atlantic side. Small quantities of Canadian flour have been exported to Honduras from time to time (\$8,000 worth in 1926), but no consistent effort appears to have been made to increase the trade. The market, however, is well worthy of attention, especially by those exporters who have already made a successful entry into Guatemala and El Salvador.

Fruits and vegetables, fresh, dried, and preserved, are imported to the value of about \$125,000 per annum. The principal market is found on the Atlantic coast in connection with the requirements of the employees of the fruit companies. Very little appears to reach the Pacific coast.

Iron and Steel Manufactures.—The demand approximates \$650,000 per annum in value, of which approximately \$600,000 comes from the United States. A large proportion of the total is required in connection with the development

of the Atlantic coast area, which, as already pointed out, is in the hands of American interests engaged in the banana industry. These companies, by the terms of their concessions, are permitted to import constructional material free of duty, and a large part of the imports under this head, such as rails and constructional ironwork, enter the country under this clause. For this reason, competition on the part of Canadian exporters would appear to be difficult.

Lard.—This is imported to the value of \$140,000 per annum, practically all from the United States.

Leather Manufactures.—These (principally footwear) are imported to the value of about \$250,000 per annum, principally from the United States. Prepared leather is also imported to the value of about \$100,000 per annum.

Liquors.—Wines come from Spain, France, and Italy, the total value of the imports for 1926 amounting to \$88,000. Spirits (principally whiskies) come from Great Britain, and Canada also has a substantial share of the trade. Rum is imported direct from Jamaica. Beers are not in large demand, the value of imports for 1926 being only \$26,000; a small quantity of Canadian ale was included in this total.

Medical Compounds.—The imports in 1925 were valued at \$250,000, which decreased to \$157,000 in 1926. The United States is by far the most important source of supply. There is a substantial demand in all areas, but intensive advertising is necessary, and competition is keen.

Milk.—The demand for condensed and preserved milk amounts in value to \$70,000 per annum. It is supplied entirely from the United States.

Mineral Oils.—There is a large demand on both coasts, the total imports amounting to about \$100,000 per annum. The principal source of supply is the United States, but large quantities of gasoline and lubricating oils are also imported from Mexico. Peru is also an exporter to Honduras, to the extent of about \$25,000 per year. The trade is bound to increase with the opening up of the highways of the country for automobile traffic, but opportunities for Canadian exporters appear to be limited.

Paper.—Newsprint is in demand to the value of about \$26,000 per annum. It is imported in sheets 18 inches by 24 inches, and the weight is 52 to 55 grammes per square metre. The printing of newspapers is done on hand presses, and their circulation is limited. It is stated that a Canadian exporter could probably secure a business of some hundred tons per annum if he could deliver c.i.f. Amapala at a price of \$90 to \$95 per ton, consular fee paid. Other kinds of paper are only imported on a limited scale.

Perfumes and Cosmetics.—The imports for 1925 were valued at \$73,000, and for 1926 at \$46,000. In the former year the trade was divided between France and the United States, but more recently France appears to have decreased her trade. The principal source of supply is now the United States, with Germany second.

Porcelain, China, and Glassware.—The imports, which total \$128,000 in value per annum, are classified as follows: porcelain and china, \$60,000; blown or hollow glass, \$36,000; window glass, \$12,000; unspecified glass, \$20,000. With regard to the first-named, Germany is the principal source of supply, having taken the place of the United States within the past three years. The demand is for the cheaper grades, practically none of the high-class English or French china being imported. Glassware generally comes from the United States, although Germany, Great Britain, and France provide appreciable quantities.

Rolling Stock.—The imports for 1925 and 1926 were as follows:—

	1925	1926
Locomotives and tenders	\$ 27,111	\$ 20,251
Coaches and carriages	151,940	102,024

A few coaches, of a total value of \$31,000, entered the country from Great Britain in 1925, but with this exception the only source of supply was the United States.

Rubber Goods.—These are imported to the value of about \$90,000 per annum. The principal imports consist of pneumatic tires and inner tubes, of which over 80 per cent come from the United States. Canada also has a share of the market, to a value of about \$10,000 annually. There is very little opening for other manufactures of rubber.

Soaps are imported to the value of \$100,000 per annum, principally from the United States and Great Britain. There appear to be opportunities for a Canadian manufacturer who is in a position to export.

Sugar is imported to the value of about \$90,000 per annum. The sources of supply are the neighbouring countries of El Salvador, Nicaragua, and Guatemala, only small quantities coming from other foreign countries. Under these circumstances, it does not appear possible for Canada to compete.

Textiles.—Cotton cloths form the principal item of import, the total value for 1926 being \$1,700,000, of which \$1,213,000 came from the United States and \$351,000 from England. Cotton thread was imported to the value of \$75,000, of which three-fourths come from England. Men's and women's clothing account for \$324,000, practically all from the United States, and linens and silks are imported to the value of \$25,000 each. Wool cloths come principally from England, and hats from the United States and Italy. Canada already has a small share of the trade in cotton duck, but apart from this, her only opportunity would appear to be in the export of felt hats.

Timber.—A comparatively large quantity is imported for construction purposes on the Atlantic coast, the receipts for 1926 having a value of \$328,000. Railway ties are one of the principal requirements, but it is doubtful if Canada could compete with shipments from New Orleans, whence steamers sail direct to the Atlantic coast ports of Honduras. So far as the Pacific coast is concerned, investigation indicates that imports are quite negligible.

Tools.—These are imported to the value of about \$100,000 per annum, the principal sources of supply being Germany and the United States. All kinds of workmen's and agricultural tools are in demand to a limited extent, the principal implement used being the "machete". There are possibilities for Canada in a few lines, but the market should be investigated on the ground by intending exporters in order that the special requirements of the republic may be understood.

Wheat.—No separate statistics exist showing imports in detail, but the receipts of wheat, barley, oats, and maize amount in value to about \$170,000 per annum. There is a small milling industry on the Atlantic coast, which is supplied from Texas. The market might be worth investigating, but the value of the business does not appear to be worthy of any special effort at present.

In addition to the above, the principal imports are rice, spices, vegetable oils, candles, leather, cordage, jute, tiles and bricks, furniture, cigarette paper, and various kinds of machinery. In no case, however, is the value sufficiently great to make details of value to Canadian exporters.

IMPORTS FROM CANADA

Exports of Canadian produce to Honduras for the past four years were valued as follows: 1925, \$224,668; 1926, \$168,379; 1927, \$117,893; 1928, \$110,832. The principal items comprising these totals, as mentioned in the detailed lists given above, are whisky, automobiles, tires, cotton duck, cement, mining chemicals, and calcium carbide. It is thus obvious that the special conditions existing in the import trade of Honduras do not exclude competition from Canada, and it is therefore probable that an intensive campaign, covering goods for which there is a genuine demand, would meet with considerable success.

III

Tariff and Documentation

The import tariff of Honduras, like that of the majority of Latin-American countries, is based upon the weights of merchandise imported, rather than upon its value; that is to say, it is a "specific" and not an "ad valorem" tariff. Rates are based upon gross weights, "legal" and net weights being unrecognized. It is, however, desirable for invoice to state "legal" and net weights, especially when packing cases contain two or more different kinds of merchandise; in such cases, the duty on the weight of the packing material and outer containers is pro-rated over the varying duties on the contents, and a clear statement of the different weights avoids delay in examination and clearance at the customs house.

The tariff of Honduras presents a few peculiar features which it is necessary to understand in order to calculate the real duty imposed upon any particular product. In the first place, the rates are in pesos per *half* kilo, and not in pesos per kilo as would be expected. Secondly, although quoted in pesos, the duties themselves are payable as to 50 per cent in "gold" (United States currency) and 50 per cent in "silver" (the peso currency of the country). And, thirdly, there is a surcharge on all duties of 5 per cent, which is also payable in "gold".

In addition, there are numerous small surtaxes (twenty-nine in all) which are payable in "silver", and total 3 centavos per half kilo.

Finally, in some cases an additional 10 per cent of the taxes appears as payable in gold, although the special circumstances under which this is imposed do not appear to be understood by merchants consulted on the subject. Thus the calculation of the rates of duty on any shipment is a somewhat elaborate and complicated matter.

The duties on shipments are usually paid without protest by importers.

There is a list of prohibited imports on the customary lines.

Samples of merchandise of no value, or rendered unfit for sale, are admitted free up to 25 pounds in weight, but are subject to duty at a tariff rate of 1 centavo per half kilo if above 25 pounds.

There is an export tariff on hardwoods, dyewoods, guano, rubber, sarsaparilla, hides, chicle, bananas, coconuts, cattle, mules, and horses.

DOCUMENTATION

A complete set of documents for shipments to Honduras comprises the following:—

Commercial Invoice.—Two copies are required for customs purposes, and these must be based on f.o.b. values. In cases where prices are invoiced c.i.f.,

it is customary to prepare special commercial invoices on a f.o.b. basis (omitting the cost of freight) for certification. The fee for viséing commercial invoices is \$1.

Bills of Lading.—Two copies of shipping bill of lading are required. The fee for certification is \$2.

Consular Invoices.—Five copies are required. Full sets may be obtained from all consuls of Honduras at a price of 50 cents per set. They must be made out in Spanish. The fee for certification of consular invoices is 3 per cent of the value of the invoice.

When the above documents are prepared, they must be presented to either the nearest Honduran consul or the Honduran consul at the port of shipment (as may be most convenient) for visa or certification. They may then be forwarded to consignee (either direct or attached to draft, as may be arranged) and should be mailed in ample time to reach their destination before the arrival of the boat on which the merchandise itself is shipped.

The only exceptional feature to be noted in connection with documentation for Honduras is that the 3 per cent consular fee is not paid direct to the consular officials. It is paid by means of special stamps attached to the consular invoice, and these stamps can only be purchased from the correspondents of the National City Bank of New York. Thus it is necessary for the exporter or his agent to ascertain the name of the local correspondents of this bank, purchase the stamps from them to the value of 3 per cent of the commercial invoice, and hand these stamps to the consular officials in lieu of cash. The reason for this exceptional arrangement is that consular fees are hypothecated for the service of the foreign debt, and the National City Bank being fiscal agents for the bond-holders, have in agreement with the Government adopted this means of direct payment. In Canada, these special stamps may be obtained at the Bank of Montreal in Toronto and Montreal.

No consular invoices are required for parcel post shipments to Honduras.

There are no special regulations with regard to labelling or marking of packing cases.

IV

Representation, Advertising and Trade Marks

REPRESENTATION

An examination of local conditions indicates that there are only two methods of representation in Honduras suitable for adoption by a Canadian exporter. The first is by the appointment of a local agent at Tegucigalpa, and the second is by means of commercial travellers; these two methods may also be combined.

With regard to the first-named, it must be admitted that a certain amount of difficulty may be experienced; there are probably not more than half a dozen firms in Tegucigalpa which have connections throughout the country, and some of these are already fully occupied with their present interests. Thus the choice of representatives is limited; at the same time, if proper contact is made, and the article is in demand, a good volume of trade can be secured without further effort.

In default of local agents, recourse must be had to travellers; such travellers need not represent the interests of one exporter only; it is quite possible for one man to handle a number of non-competing lines, the expenses of travel being shared by the various exporting firms who combine to engage his services. One feature of the market deserves mention in this connection: the towns of

Honduras are far apart, and in many cases difficult of access. Commercial travellers do not visit them with great frequency; for this reason they usually receive an exceptionally cordial welcome from the local merchant, who regards their presence as a personal compliment and will go out of his way to place an order if he can possibly do so. In fact, it is not uncommon for a retail merchant to delay placing orders with local wholesalers or agents if he knows that a travelling representative will visit him within the next few months—he feels that the trouble taken in travelling from a foreign country should be rewarded, and considers it a point of honour to offer such recompense as may be in his power.

As a supplementary means of securing orders for Honduras, it might be advisable to communicate with the head offices of the various fruit companies which control the banana industry on the Atlantic coast. It has already been mentioned that these companies operate from the United States, and their names and addresses may be obtained on application.

Manufacturers' agents operating in the Pacific area do not, as a rule, keep stocks; they sell on commission only. On the other hand, it is customary for agents on the Atlantic coast to receive stocks and sell to smaller merchants in addition to doing a retail business themselves.

COMMERCIAL TRAVELLERS' REGULATIONS

There is no tax imposed by the central Government of Honduras on commercial travellers. Certain municipalities, however, impose local taxes; the amount of these is very variable. At present the tax in Tegucigalpa is 20 pesos per visit, and in the towns on the Atlantic coast it is usually 50 pesos per visit. The tax is imposed upon the traveller himself and not upon the house which he represents; thus a man representing a number of different firms would be required to pay only the one tax in each municipality, although if he made more than one call on the same town during his trip, he would be requested to pay for each separate visit. These taxes are frequently a burden upon the commercial traveller, but it is difficult to avoid them once the collector is aware of his presence, as the penalty for non-payment is imprisonment.

Commercial travellers' samples, if saleable, are dutiable at the full tariff rates, but the duties are refunded on leaving the country on presentation of documents proving admission.

ADVERTISING

There is but little advertising in Honduras of the kind customary in Canada. Newspaper propaganda is largely confined to proprietary medicines, although these are advertised on a fairly liberal scale; charges are usually 20 cents United States currency per column inch per insertion, although a reduction on this price is made for contracts covering an extended period. There are four daily papers published in Tegucigalpa (the names of which may be obtained on application) and one monthly review, which is partly owned by British interests; the last-mentioned appears to be the most suitable for advertising foreign goods other than patent medicines.

On the whole, the opinion may be expressed that the best means of advertising is by means of gifts of small inexpensive and useful articles such as ash trays, pencils, calendars, etc. These have a permanent value to the native, and are frequently treasured for years; they form a constant reminder of the visit of the agent who presented them, and may ensure a cordial welcome on his next visit when he might otherwise have been forgotten. One agent stated that he had in the past refused to accept an appropriation from his principals

for a newspaper advertising campaign, preferring to expend the money on small ash trays, which experience had proved to have a greater effect on sales than any other method that could be adopted.

Apart from the above, it does not appear to be possible to recommend any expenditure on advertising in Honduras under conditions at present existing.

TRADE MARKS

The law in regard to trade marks is similar in all essentials as already explained in the cases of Guatemala and El Salvador. The method of registration is somewhat complicated, and it is recommended that the matter be left in the hands of the representative of the exporting firm, or, if no representative has been appointed, in the hands of a good patent lawyer, the name of which may be obtained on application.

The fee for registration approximates \$50 Canadian currency.

NICARAGUA

I

General

GEOGRAPHICAL AND HISTORICAL

Nicaragua is the largest of the Central American republics, occupying an area of approximately 49,200 square miles. Its shape is roughly that of an equilateral triangle, of which the eastern side runs due north and south on the Caribbean Sea for a distance of 300 miles; the northerly side is bordered by the Republic of Honduras; and the third side, to the west and south, is bounded for 200 miles by the Pacific Ocean, and thence by the Republic of Costa Rica. It lies within the limits of $10^{\circ} 30'$ and 15° north latitude, and $83^{\circ} 11'$ to $87^{\circ} 40'$ west longitude. Its population is estimated at 640,000, giving a density of 13 to the square mile; this compares with 50 per square mile for Guatemala, 125 for El Salvador, and 15 for Honduras.

The physical configuration of Nicaragua has given it an importance out of all proportion to its industrial development. The country is traversed by the Central American Cordilleras, which are here divided into two main ranges, paralleling respectively the Honduran border and the Pacific Ocean. The latter range is of low elevation, and behind it, towards the interior, is the remarkably longitudinal depression which is occupied by Lakes Nicaragua (115 miles long) and Managua (35 miles long). The former of these two lakes is the largest body of fresh water between the Canadian border and Peru, covering as it does an area of nearly 4,000 square miles; it is connected with Lake Managua by the river Tipitapa, and with the Atlantic by the San Juan River. It is only 110 feet above sea level, and its westernmost extremity is only 13 miles from the Pacific Ocean. The pass between these two points is said to be only 26 feet above the level of the lake (and therefore 136 feet above the sea) at its highest point. It is these facts which have brought Nicaragua into prominence as the possible site of an alternative route to the Panama Canal, and have made it a highway between the Atlantic and Pacific Oceans almost since the period of its discovery.

Further in the interior towards the east the land rises in a series of plateaus, interspersed with low spurs thrown off by the main mountain ranges; it then sinks gradually to the low alluvial plains of the Atlantic (or Caribbean) seaboard. The Atlantic side is occupied by the Mosquito coast, which is inhabited by a mixed race of Indians and negroes, who until the year 1860 claimed allegiance to Great Britain.

Climatically, Nicaragua is divided into the three main zones which are characteristic of the whole of Central America. On both coasts there is tropical heat, although the Pacific side is drier than on the Atlantic. As the altitude increases the temperature becomes more agreeable and at the highest elevations there is a perpetual spring-like warmth. The main plateaus, about 3,000 feet in height, are extremely healthy and fertile, but have not yet attracted the population which they are capable of sustaining.

Nicaragua is well watered by rivers, which generally flow towards the Atlantic, on account of the conformation of the country as described above. The principal ones are the San Juan, 140 miles in length, which flows from Lake Nicaragua to the sea and forms throughout the whole of its length the border between Nicaragua and Costa Rica; the Wanks (or Segovia) River forms the

northern boundary with Honduras; the Bluefields River, which enters the Atlantic at the town of the same name, and is navigable for a distance of 65 miles from its mouth. Others are the Wawa, the Rio Grande, and the Prinzapolka rivers, and a few of minor importance drain into Lakes Nicaragua and Managua.

Nicaragua presents many features of historical interest. It was discovered by Columbus in 1502, but for centuries before that date the area between the lakes and the Pacific coast was densely populated by tribes of Indians, who already reached a comparatively advanced degree of civilization: "they had a great quantity of cotton cloths, and they held their markets in the open squares, where they traded; they had a manufactory where they made cordage of a sort of henequen which is like corded flax; the cord was beautiful and stronger than that of Spain, and their cotton canvas was excellent . . . they had many beautiful women." So says Pascual de Andagoya; but this condition ceased when the country was overrun in 1522 by Gil Gonzalez de Avila, who was sent from Panama to subdue the country. The natives were sold into slavery or exported to Panama; and when the supply of labour obtained by this means was insufficient, negroes were imported from Africa to take their places. The population of Nicaragua at the present time consists largely of a mixture of these two races (more especially in the western area) with an occasional sprinkling of white blood; the proportion of pure whites in the country does not probably exceed 10 per cent of the total.

From the time of the conquest until 1821 Nicaragua formed part of the Captaincy-General of Guatemala; in that year it obtained its independence, and has since either formed part of the Federated Republics of Central America or been an independent state, with occasional lapses when portions of the country came under foreign influence. The best known of these are in the cases of the Mosquito coast, where the natives claimed a definite protectorate by Great Britain; the expeditions of the filibuster, William Walker, in the years 1855 to 1860; and the recent occupation by United States marines.

Unfortunately Nicaragua has shown little capacity, during the period of independence, for governing herself on constitutional lines. The disposition to indulge in wars with the neighbouring countries, combined with the spirit of "localismo" (rivalry between cities) and "personalismo" (rivalry between political leaders) have kept the country in almost constant turmoil; the most disastrous revolution in the history of the country—the most destructive to life, to property and capital—took place in 1927, and its effects are still evident. Well-informed observers, however, appear to consider that the next few years will show a decided change in this respect.

CURRENCY AND FINANCE

The unit of currency in Nicaragua is the Cordoba, which is the exact gold equivalent of the Canadian dollar. This standard was adopted in accordance with the "monetary plan" of 1912, prior to which date a depreciated paper currency had been in use, the unit of which was the peso. Concurrently with the Cordoba and multiples thereof, United States currency is in circulation and is universally accepted throughout the country. The usual fractional currency is also in use.

The Cordoba at present circulates at par in all internal transactions, and fluctuates only to a small degree in external transactions, in accordance with the supply and demand for foreign exchange.

There are three banks in Nicaragua, as follows: (1) Banco Nacional de Nicaragua, which has the sole right of issue, and is the Government bank. Currency is guaranteed by gold deposited in the United States to the extent of 60

per cent of the circulation. (2) The Anglo-South American Bank, a branch of the well-known English house. It has a branch at Leon. (3) The Anglo-Central American Bank, which is privately owned.

TAXATION AND REVENUE

In spite of the internal difficulties which have been referred to previously, the public finances of Nicaragua are generally admitted to be on a sound basis. This is partly attributable to the fact that the funds for the service of the foreign debt are a prior charge upon the customs revenues, and the collection of such revenues is controlled by representatives of the bondholders.

The total of the foreign debt, as at March 31, 1928, was as follows:—

Sterling bonds of 1909 outstanding, equal to	\$3,296,567
Guaranteed customs bonds of 1918	2,372,000
Bonds of 1904, due 1929	30,000
Total	\$5,698,567

In addition, there is a small balance of \$48,691 due on a loan of \$1,000,000 of March, 1927, and certain debts due on account of claims in connection with the recent revolution which are estimated to amount to nearly \$18,000,000.

The bonds of 1909 were issued in that year for a sum of £1,250,000, and have now been reduced to £677,400 by means of a sinking fund of 1 per cent, which forms a prior charge upon customs receipts. The bonds of 1918 were issued for a total of \$3,744,150, of which more than a third has now been repaid; they are guaranteed by a surtax of 12½ per cent upon import duties. The loan of \$1,000,000 of March, 1927, is guaranteed by a further 12½ per cent surtax upon general imports (which is increased to 50 per cent in the case of tobacco and liquors) plus export taxes upon coffee. As the expenses for the service of the foreign debt do not exceed \$1,000,000 per annum, and the customs receipts for the year 1927 amounted to \$3,118,000, it will be seen that the optimism of the foreign investor with regard to Nicaraguan bonds has some foundation in fact.

The general revenues of the Government were as follows for the years shown:—

	1919	1925	1927
Customs	\$1,159,162	\$1,530,000	\$1,610,000
Consular fees	76,257	106,000	111,838
Internal revenue	1,303,995	1,029,186	988,577
Sundry . . . . .	.....	82,000	1,000
Total	\$2,539,414	\$2,747,186	\$2,711,415

The budget expenses are paid out of the revenues as above, any surplus being devoted to the general purposes of the Government. This surplus has for the past five years always exceeded half a million dollars, and in 1926 exceeded \$1,300,000.

COMMUNICATIONS AND CHIEF TOWNS

When planning a trip to Nicaragua, the principal point to be borne in mind is that there are no satisfactory means of overland communication between the Atlantic and Pacific coasts. Practically no roads exist in the interior of the country, and communication by water, even where feasible, is difficult, tedious and expensive. Such trails as exist are suitable only for mules or other animal transport, and even these are often impassable in the wet season. For these reasons, it is customary to make two trips to the country if it is desired to investigate the possibilities of both coasts. The first of these is devoted to the centres of population in the Pacific area (which is by far the most important and the most densely populated); the second visit is usually

made at a later date to the towns on the Atlantic coast, the itinerary depending upon the general route to be traversed. Merely as suggestions, it may be said that a convenient means of passing from the Pacific to the Atlantic or vice versa is via either Costa Rica or Panama.

Taking the Pacific area first, the only means of approach is by the port of Corinto. This may be reached by various lines of steamers, but the only practical means of ascertaining dates of sailings is to make inquiries at the previous port of call—information obtained at a distance is liable to be inaccurate and misleading.

The Pacific Railroad of Nicaragua has a daily service between Corinto and the capital (Managua), passing through the important cities of Chinandega and Leon on the way; extensions reach to Granada and Masaya. The following are details of these and other cities in the Pacific area which would repay a visit:—

Corinto, the only port on the Pacific coast, has a population of some 3,000, and is only important as a port of entry. Ships tie up alongside a modern timber wharf, and there are good warehouses and rail accommodation. Some two-thirds of the foreign commerce of Nicaragua passes through the port.

Managua, the capital of Nicaragua, has a population of about 60,000. It is situated on the southern shore of Lake Managua, and is distant 87 miles from Corinto by rail. It is the commercial centre of the country, and most of the local representatives of foreign houses are established here.

Leon, with a population of some 40,000, is the second city of the republic, and was formerly the capital. It is on the line of the Pacific Railway, and may be readily reached from either Corinto (35 miles) or Managua (52 miles). It is situated in a rich agricultural district and is also of importance as a distributing centre.

Chinandega, with a population of about 15,000, is also the centre of a rich agricultural region, and would generally repay a visit by commercial travellers. It is readily accessible from Corinto by railway (13 miles), on the route from that city to the capital.

Granada, on the shores of Lake Nicaragua, is readily reached from Managua by rail (36 miles). It disputes with Leon the reputation of being the second city of the republic, and is an important distributing centre for a number of small towns in the vicinity.

Masaya, also on the Pacific Railroad, is 13 miles from Granada, and has a population of some 20,000. It is worth visiting on account of its accessibility, but is of minor importance compared with the cities previously mentioned.

Other towns accessible from the Pacific side are Matagalpa (population 12,000), Jinotega (population 4,000), Rivas (population 10,000), and San Juan del Sur; these, however, would be visited only under exceptional conditions, and local information would have to be obtained in regard to means of transport.

On the Atlantic coast, the principal towns are as follows:—

Bluefields, with a population of 7,500, is a centre of the banana industry, and is also a distributing point of some importance. It may be reached from New Orleans, Port Limon (Costa Rica), or Panama, and there is a coasting service with other Atlantic ports of Nicaragua. Local information should be secured in regard to dates of sailings. The port is of more importance than its population suggests, and it should be visited by all travellers canvassing the Atlantic coast.

Greytown, or San Juan del Norte, is situated at the mouth of the San Juan river. The population is about 1,000. It would be visited only under exceptional circumstances.

Other towns on the Atlantic are Cap Gracias (population 600) and Prinzapolka (population 600), but these are difficult of access and would hardly repay a visit.

II

Natural Resources and Exports

Nicaragua is rich in natural resources both agricultural and mineral, but these are largely undeveloped. Cattle raising is carried on for local consumption, and also for export on the hoof to the neighbouring republics, and forest products such as hardwoods are also in demand in foreign countries. Manufactures are few, and are principally confined to the production of the more elementary needs of the local population, such as shoes, cigarettes, alcohol,

coarse cotton cloth, soap, etc.; there are also a few electric light plants, and the largest sugar mill in Central America is situated in Chinandega. On the whole, the native has shown little capacity as a skilled labourer or mechanic; this is probably due to lack of opportunity rather than to any natural disability.

Of agricultural products, in addition to the maize, beans and rice, which form the staple diet of the bulk of the population, coffee is the chief crop of the western or Pacific area, and bananas form the principal product of the eastern or Atlantic zone. Next in order of importance are hardwoods, and there is a substantial export trade done in cocoa, hides, rubber, and sugar. The following statement gives the value of exports for the years shown: 1913, \$7,112,047; 1917, \$5,975,256; 1919, \$12,409,473; 1921, \$8,070,949; 1923, \$11,028,309; 1925, \$12,359,585; 1926, \$13,028,726; 1927, \$9,025,677.

The following gives details of exports for the years 1926 and 1927:—

	1926	1927
CoffeeTons	17,671	10,255
	\$ 8,100,397	4,081,605
BananasBunch	2,162,745	2,386,191
	\$ 1,225,661	2,442,383
HardwoodsM.F.B.M.	18,368	24,224
	\$ 1,342,238	1,725,749
SugarTons	10,155	5,400
	\$ 876,228	443,424
Gold	\$ 686,265	614,257
Hides and skinsTons	282	384
	\$ 164,512	206,141
RubberTons	143	39
	\$ 103,507	24,596
Sundry	\$ 529,918	487,522
Total	\$ 13,028,726	9,025,677

Coffee.—This is grown exclusively in the western half of the country, where the mountain slopes and climatic conditions are almost ideal for the cultivation of the crops. During recent years the price has been highly satisfactory to growers, having increased from 9 cents per pound in 1918 to 23 cents in 1925. In 1927 the price was 18 cents. France is at present the largest consumer of Nicaraguan coffee, Germany, Great Britain, the United States, and Holland also taking considerable quantities.

Bananas.—The cultivation of bananas is the principal industry on the eastern or Atlantic side of Nicaragua, the trade having been introduced and developed exclusively by foreign enterprise. During the past two years it has been adversely affected by revolutionary activities. Exports have been reduced from 3,027,147 bunches in 1925 to 2,386,191 bunches in 1927. In spite of this fact, new sources of supply are being developed, and if present conditions continue, it should not be long before the exports reach and even exceed their former volume.

Hardwoods.—These are exported chiefly from the Atlantic coast. The industry was affected during the year 1926 by the revolution, but is now recovering.

Sugar.—This is grown principally in the western area, Chinandega being the principal seat of the industry. The greater part of the exports is shipped by one large firm to the United States, but Canada took a substantial quantity during the years 1924 to 1926, and it is stated it is still exported to the Dominion via San Francisco.

Gold.—Although Nicaragua is known to be rich in deposits of the precious metals, difficulties of transport prevent them from being worked to their full extent. No statistics exist as to the total production of the country, but it may be said that the exports of gold were as follows for the years shown: 1911, \$932,866; 1913, \$704,455; 1918, \$1,245,484; 1920, \$1,259,387; 1922, \$1,065,733; 1924, \$771,375; 1926, \$686,265; 1927, \$614,257.

Hides and Skins.—This is a declining industry, the quantity now exported being less than a quarter of that ten years ago. This is attributed to the reduction in the number of cattle in the country, the herds having been depleted owing to interior disturbances.

Rubber.—This is gathered in the wild state, principally in the district of Jinotega; the exports vary widely in accordance with the price in the world markets, as will be seen from the tonnage: 1911, 348; 1913, 277; 1918, 74; 1920, 50; 1922, 3.5; 1924, 13; 1926, 143; 1927, 36.

Sundry.—These comprise small quantities of beans, cocoa, cocoanuts, corn, cotton, lard, rosin, silver, dyewoods, etc.; in no case does the total for 1927 reach \$70,000 in value. The principal purchasers of the exports of Nicaragua are the United States, which takes about two-thirds of the total. Great Britain takes about 10 per cent, and Germany 7 per cent. All other European countries combined take 5 per cent, and the remainder is divided between other Spanish American republics, Japan, and India.

III

Imports

From what has been said previously, it will have been realized that Nicaragua is only of minor importance as a market for foreign products. As a matter of fact, the value of the annual imports has reached \$10,000,000 only during the past three years, except in 1920, when it reached nearly \$14,000,000. At the beginning of the century, the imports were little in excess of \$2,000,000, and they did not reach \$5,000,000 until 1911. The following are figures for each fifth year from 1900 to 1920, and for the last four years: 1900, \$2,577,964; 1905, \$3,446,927; 1910, \$2,856,305; 1915, \$3,159,220; 1920, \$13,864,389; 1924, \$8,806,890; 1925, \$10,376,291; 1926, \$10,257,512; 1927, \$10,208,242.

The following statement gives the countries of origin for the years shown:—

	1920	1924	1926	1927
United States.. . . .	\$11,249,589	\$6,425,242	\$ 7,116,715	\$ 6,777,574
Great Britain.. . . .	1,634,624	1,042,858	1,127,637	1,169,632
Germany	145,014	395,506	726,880	687,812
France	220,958	199,299	253,738	317,577
All others.. . . .	616,204	743,991	1,029,542	1,255,647
	<hr/> \$13,864,389	<hr/> \$8,806,896	<hr/> \$10,254,512	<hr/> \$10,208,242

It has already been explained that communications between the Atlantic and Pacific areas in Nicaragua are difficult, and during the greater part of the year practically impossible. Thus the imports entering by the two coasts will give a fairly accurate idea of the relative consuming capacity of the Western and Eastern districts respectively. The following are the comparative figures:—

	1920	1924	1926	1927
Pacific Coast.. . . .	\$10,785,354	\$6,108,063	\$ 6,740,843	\$ 6,932,805
Atlantic	3,079,035	2,698,833	3,513,669	3,275,437
	<hr/> \$13,864,389	<hr/> \$8,806,896	<hr/> \$10,254,512	<hr/> \$10,208,242

An examination of the second of the above tables reveals the preponderating influence of the United States in the import trade of Nicaragua, but also indicates that this influence is not increasing to the extent which is generally supposed. It also shows that Great Britain is more than maintaining her position (in fact, her exports to Nicaragua have doubled in the past ten years), and that the exports from Germany are rapidly on the increase.

As far as the consuming capacity of the country is concerned, it will be observed that the imports from the Pacific side account roughly for two-thirds

of the total. This is in accordance with what would be expected from the distribution of population, and is of importance to Canadian exporters as an indication of the direction to which their efforts should be devoted in the first place; it should also be borne in mind that a large part of the imports on the Atlantic side are to provide for the requirements of the fruit companies, which are financed by American capital, have their purchasing offices in the United States, and run their own vessels direct to Nicaraguan ports.

Coming to the details of the imports, these have not varied widely in annual value during the past few years, and on general lines they follow closely those of Honduras, San Salvador, and other Central American Republics—that is to say, they represent the needs of a population which has not yet developed to the extent of producing its own manufactures, and which in the main is of an extremely low purchasing capacity.

The following statement gives details of the value of imports for the years shown:—

	1920	1924	1927
Cotton goods	\$5,242,189	\$2,504,670	\$2,327,500
Flour	665,660	439,294	519,851
Iron and steel	754,075	676,727	638,540
Drugs and chemicals	581,576	374,620	435,691
Beverages	273,710	176,822	434,194
Leather goods	370,804	244,973	424,462
Sundry food products	283,437	241,987	420,243
Silk goods	291,975	202,609	284,502
Vegetable fibres, mfs.	366,249	218,490	227,214
Meat products	118,923	114,494	180,453
Vegetables	151,541	144,936	180,400
Paper products	197,381	124,453	168,984
Petroleum	187,771	160,481	152,787
Fruits, etc.	78,191	62,597	144,062
Woollen goods	234,235	95,231	155,144
Gasoline	241,760	154,677	132,366
Rice	139,644	115,638	113,958
Fish products	94,427	68,918	74,526
Sugar	43,570	79,376	50,943
Cement	42,128	33,608	27,261
Coffee	21,617	12,672	24,362
Maize	2,757	15,432	8,155
All others	3,480,475	2,544,191	3,082,644
	<hr/> \$13,864,381	<hr/> \$8,806,896	<hr/> \$10,208,242

Cotton Goods.—As will be seen, these constitute by far the most important item of imports into Nicaragua, accounting as they do for about 25 per cent of the total. Great Britain is the principal source of cotton thread, but in underclothing the United States leads. These two countries have also the bulk of the trade in cotton cloths. Canada supplies small quantities of duck (to the extent of about \$5,000 per annum), but otherwise does not appear in the import statistics. The market is one that demands cheapness rather than quality, and there appear to be opportunities for exporters of the lower grades of underclothing, socks, stockings, etc.

Flour.—As will be seen, the market is worth about \$500,000 per annum. On the Pacific side, it is stated that the whole of the imports come from San Francisco and Seattle, and on the Atlantic side from New Orleans. There appear to be ample opportunities for Canadian millers, and manufacturers' representatives in Nicaragua have expressed a desire to secure agencies. Prices are usually quoted c.i.f. Corinto, and samples would be necessary. The usual terms of purchase are 60-day drafts. Packing in either six or three sacks, enclosed in an inner gunny bag, although a 12½-pound sack is occasionally required; prices are, however, quoted per barrel of 200 pounds. Present quotations are \$8.90 per barrel c.i.f. Corinto, for a medium grade of export flour.

Iron and Steel.—Iron wire is imported to the value of \$75,000 per annum, and bars and sheets to the value of \$100,000; a large part of this, however—probably one-half—is required for constructional purposes in the Atlantic coast in connection with the banana plantations. Nails and tacks are required to the value of \$40,000 per annum, and cutlery to the value of \$34,000. Construction material also comes from the United States and is almost entirely used on the Atlantic coast, where it enters free of duty when used for the purpose of development work. There is a small demand for iron pipes, and domestic utensils are imported to the value of \$45,000 per annum (principally from Germany). In general hardware it is probable that Germany has the bulk of the trade on account of the comparative cheapness of its products; the highest qualities, however, come from Great Britain, but prices are said to be beyond the capacity of the average purchaser. Tools are imported from Germany and the United States to the extent of \$50,000 per annum; this branch of the trade is highly specialized and there is keen competition. The native being often unable to read or write buys by mark, and the introduction of a new brand requires time and energy. With regard to machinery, there is a fair demand for sewing machines, typewriters, and electrical machinery, but household electrical equipment appears to be used only to a very limited extent. Agricultural machinery is also used very little, as the local cultivator of maize, beans, etc., can afford nothing but the most primitive implements, and the large coffee estates are unsuited to the use of modern agricultural machines. It is stated, however, that tractors and motor trucks are likely to come into use as modern methods are adopted. There are comparatively few automobiles in the country owing to the condition of the roads, but it is stated that a few of these have been received from Canada and have given satisfactory service.

Drugs and Chemicals.—The market is worth about \$425,000 per annum, divided as follows: Pharmaceutical preparations, \$280,000; industrial chemicals, \$140,000; inks, \$5,000. The United States controls the market, but Germany, Great Britain and France also have a substantial share in the trade. A small quantity of calcium carbide and other industrial chemicals is imported from Canada. There are opportunities also for patent medicines, but extensive advertising would be necessary, and competition is keen.

Beverages.—The item is divided as follows (figures for 1927): mineral waters, \$33,433; beer, \$194,914; spirits, \$107,370; wines, \$60,543; other non-alcoholic, \$37,934, a total of \$434,194.

With regard to mineral waters, two-thirds of the total imports enter free of duty from Honduras, and the remainder from the United States and Great Britain. Beers come from Germany, Great Britain and Honduras (from the last named also duty free). Spirits are imported from Great Britain (Scotch whiskies being popular among the foreign population), and brandy and liqueurs from France; Canada also supplies a substantial amount of whisky, but the demand is reported to have decreased in recent years. Among wines those of Italian origin appear to be most popular, but French, Spanish and German wines are also imported. It would appear that Canada's best opportunities for exporting beverages would be in beers of the light lager type, and in whiskies suited to consumption by the English and American foreign populations. There does not appear to be any chance for "soft" drinks of foreign manufacture.

Leather Goods.—The imports for 1927 reached a total of \$424,409, made up as follows: Tanned hides, \$176,599; footwear, \$218,745; sundry, \$29,065. The whole of the business is a practical monopoly of the United States.

Sundry Food Products.—Of the items included in this classification there appear to be opportunities for biscuits, confectionery, condensed milk, canned

butter, and cheese. In all cases the principal source of supply is the United States, but Great Britain supplies small quantities of biscuits, confectionery, and cheese; receipts from other countries are negligible.

Silk Goods.—As will be seen above, the imports average from \$200,000 to \$300,000 in value—a comparatively large sum in view of the nature of the population. The item is fairly equally divided between piece goods and clothing, the principal sources of supply of the former being the United States, France, Germany, and Great Britain, and of the latter the United States, Germany, and Japan. In view of the increasing importance of the Canadian industry, it would appear that there are opportunities for the export of artificial silk stockings and underwear; it does not appear, however, that competition is possible in piece goods on account of the highly specialized ranges of patterns which are required to supply local fashions.

Vegetable Fibres.—The item consists almost exclusively of jute sacks and sacking and is of no interest to Canadian exporters.

Meat Products.—Nearly one-half of the total is accounted for by imports of lard, which are exclusively from the United States. Comparatively small quantities of canned meats, such as sausages, "bully beef," etc., are required on both coasts, but the total of any particular item is insufficient to warrant special efforts being made to secure the trade.

Vegetables.—The principal imports under this classification consist of dried beans—a staple article of diet in all parts of tropical America. There is also a demand for preserved vegetables among the foreign population and the upper native classes; the trade is, however, of the luxury class and represents small quantities of canned asparagus, "petit pois" pickles, and similar products. Fresh potatoes are imported to a small extent—partly from the neighbouring republic of Costa Rica—and it is possible that, with improved means of transportation, Canada could secure a share of this trade on the Pacific Coast; the total imports in 1927 were valued at \$12,830.

Paper Products.—Newsprint is imported to the value of only \$20,000 per annum, and comes principally from Germany. The total requirements of writing paper and blank books are approximately the same, and the imports of printed books, circulars, etc., amount in value to less than \$60,000 per annum; unspecified items account for the balance. The market is one in which price is the ruling factor, and is worth investigating by exporters who can supply a cheap, but attractive, grade of writing paper. The demand for newsprint does not appear sufficient to attract the manufacturers of Canada.

Petroleum.—The principal source of supply is Peru. The item is one in which Canada cannot compete.

Fruits, etc.—The demand for preserved fruits approximates \$50,000 per annum in value; it is largely confined to the foreign population and the upper native classes, as also is the demand for fresh fruits. The question of transportation presents a certain amount of difficulty for Canadian exporters, but if this can be solved it is possible that a demand could be created for the fruit products (such as apples) from British Columbia.

Woollen Goods.—This item consists almost entirely of piece goods, which are imported from Great Britain. A little woollen clothing is imported, but this is of comparative insignificance.

Gasoline.—Imports are divided between Peru and the United States, and the demand is comparatively small on account of the nature of the roads.

Rice.—This is one of the standard foodstuffs of the native population. A certain quantity is grown locally, but the total production is insufficient to supply the demand in spite of the suitability of certain areas for its cultivation. Thus imports are always necessary to make up for the lack of native supplies; these are derived from the United States and China.

Fish Products.—Although the total demand is small, it would appear that Canadian firms could compete in certain lines without difficulty. Canned salmon is well liked, and is imported principally from the Pacific coast of the United States. It is stated, however, that small quantities are exported direct from British Columbia, and that this business could be increased. As far as sardines are concerned, a certain quantity is imported from Norway, and France supplies the high-class trade; it is stated that there is in addition a substantial demand for the canned herring (also known as a "sardine") packed in 15½-ounce oval tins; canners of this product are therefore recommended to investigate the possibilities of the market. There appears to be little demand for salt cod, and other fish products such as lobsters, crabs, etc., are too high in price for the native population.

Sugar.—Practically the whole of the imports come from the neighbouring republic of Honduras.

Cement.—Imports are small, but it has been stated that if Nicaragua develops during the next few years on the lines anticipated, the demand should increase substantially in the future. For this reason the item is worthy of attention by exporters; the principal competition will come from German manufacturers, who at present supply over 50 per cent of the total requirements of the country, other European nations accounting for a further 25 per cent.

Coffee.—Imports are chiefly from Honduras, though small quantities are shipped from the United States.

Maize.—This is required to make up any shortage in the local crop, and imports vary in accordance with the harvests. The source of supply is the United States.

All Other Items.—This entry consists of numerous small imports, none of which are of sufficient value to be specified in detail, and none of which appear to offer opportunities to Canadian exporters. Among them may be mentioned glassware, firearms, live animals, coal, cork, copper products, explosives, scientific instruments, soap, jewellery, toys, furniture, paints, and watches.

In spite of the comparatively small importance of the country's foreign trade at present, there are indications that a rapid increase may occur in the future. It is gradually becoming evident that there is a desire on the part of the native population to practice more peaceful methods of development than have been evident in the past, and it is realized that it is only by these methods that the introduction of foreign capital can be stimulated.

From this point of view the country deserves attention, and Canadian exporters are recommended to watch its development during the next few years.

IV

Tariff, Documentation and Representation, etc.

Up to ten years ago the customs tariff of Nicaragua was in a state of hopeless confusion. Different tariffs were in force on the Atlantic and Pacific coasts, and in addition, duties were paid in the depreciated peso currency at widely varying rates of exchange. An attempt was made to remedy the situation in 1915 by drawing up a new schedule of duties based upon modern ideas, but the new tariff did not come into force until 1918 after the reform of the currency had become completely established.

The import tariff as it stands at present is generally specific, and is based upon net weights; in certain cases where net weights are inconvenient, gross weights or ad valorem duties are imposed. Duties are quoted in cordobas (i.e., dollars) and in the metric system. In general, the rates do not form a heavy burden upon the consumer.

It should be noted that in the Nicaraguan tariff, "gross weight" is defined as "the weight of the goods together with all the containers, packages, covers, receptacles, wrappers, baling, vessels and packing of every kind, whether exterior, interior or immediate". The "net weight" is defined as "including all interior or immediate receptacles, including cardboard, pasteboard, paper, wood or other material, but not including the weight of any common exterior package; materials interposed between the exterior container and the immediate receptacle shall not be included in the net weight." This latter definition is an exception to the usual understanding of the term "net weight", which is generally held to exclude all containers, the term "legal weight" is more frequently used as a definition of weights inclusive of the immediate containers. Thus "net weight" in Nicaragua has precisely the same meaning and definition as "legal weight" in Mexico. The difference is important when calculating the duties on similar goods entering different Spanish American countries.

The tariff consists of 1,148 items, divided into sixteen classes as follows: (a) Stone, earths, pottery and glassware; (b) metals and manufactures thereof; (c) chemicals and pharmaceutical products; (d) cotton goods; (e) linen, jute, etc.; (f) woollens; (g) silks; (h) paper; (i) wood; (j) animal products; (k) musical instruments; (l) machinery; (m) foodstuffs; (n) miscellaneous; (o) articles free of duty; (p) prohibited articles. Among the articles free of duty of interest to Canadian exporters are coal, live plants, fresh fruits (n.o.s.), seeds, fresh eggs, milk, and fish, agricultural machinery, books, vaccines, serums, and boats. Commercial samples of a value not exceeding \$5,000 are also admitted free of duty upon the filing of a bond to an amount equal to double the ascertained duties thereon, and subject to exportation within six months of their entry into the country. This period may be extended for a further three months on suitable application being made to the Collector of Customs.

All duties are subject to surcharges of $12\frac{1}{2}$ per cent, plus $12\frac{1}{2}$ per cent (i.e., a total of 25 per cent), with the exception of liquors and tobacco, which are subject to surcharges of $12\frac{1}{2}$ per cent plus 50 per cent of the duties.

Prohibited articles are of the same nature as in other Central American republics, and consist of apparatus for making counterfeit money, obscene books and objects, gambling devices, and implements of war.

There are export duties upon coffee, nuts, hides, shells, livestock, rubber, timber, gold, silver, turtles and tuna.

DOCUMENTATION

Four copies of the consular invoice are required. These may be obtained from consular officers, and must be certified by the nearest Nicaraguan consul, the fees being as follows: Invoices not exceeding \$100 in value, \$2.50; from \$100 to \$200, \$3; from \$200 to \$500, \$5; from \$500 to \$1,000, \$10; upwards of \$1,000, 1 per cent of value. Certification of commercial invoices is not necessary. Bill of lading must be certified by Nicaraguan consuls.

Consular invoices are required in connection with parcel post shipments, and these must be certified in the same manner as required in connection with shipments by freight.

REPRESENTATION

The question of representation in Nicaragua involves the choice of either an agent working exclusively on commission, or a wholesale distributor who can import direct and resell at his own prices to retailers throughout the country. Opinion among local business men is divided as to the merits of the two systems.

With regard to the commission agent, who books orders for account of his principals abroad, it is stated that there is a comparatively large number of these available, the majority being of German nationality; as a rule, they have little financial responsibility, but are said to be pushing and aggressive salesmen and generally of good character. The chief difficulty which they encounter in their operations is found in the smallness of individual orders; there are many retailers scattered throughout the country who can be trusted to the extent of two or three hundred dollars, but their purchases are so limited that it requires an intensive campaign before sufficient orders can be booked to make it worth while to send shipping instructions to the manufacturer abroad. For this reason, it is stated that the market is over-canvassed and the competition for the trade of the retailer is yearly becoming intensified.

There are, however, a few commission houses who enjoy a high reputation, some of which are of British origin. These appear to be well established and well capitalized, and can be confidently recommended.

With regard to the wholesale distributor, there are probably five or six of these in Managua who are in a position to take exclusive representation of foreign firms. As a rule, they have extensive warehouses, from which they sell goods to retailers throughout the republic, and in addition they have one or more stores from which they conduct a retail trade; they do not necessarily confine themselves to one line of goods—laces, foodstuffs, and drugs may be sold from adjoining counters, and to this extent they have on a small scale a resemblance to the modern department store.

There is in Nicaragua a subdued feeling of rivalry between these wholesale importers and the average commission agent who will sell to the wholesale importer, and afterwards canvass the very retailers to whom the wholesaler hoped to sell his goods, thereby cutting into the trade of the firms who could give the most substantial orders. Thus the largest importers have expressed an intention of ceasing to buy from foreign firms who maintain local agents, and in at least some cases are making an effort to place orders with exporters only on condition that the latter will not sell to other firms in Nicaragua—in other words, to act as sole representatives.

An instance of the difficulties which arise from this point of view may be given: When, recently, a distinguished foreigner visited Nicaragua, tenders were invited in advance for the supplies necessary for his entertainment; it is stated that in no single instance were orders placed with local merchants—everything was purchased through commission agents, who had no capital invested in the country and no interest in the matter beyond the securing of their commission on the business.

It must not be understood, however, that this situation is without remedy. If the commission agent confines his canvassing to the wholesalers and avoids booking orders from the customers of such wholesalers, the rivalry ceases. Thus a Canadian exporter is recommended to appoint as his representative either:—

(1) A commission agent who is in good standing with the best of the wholesale houses, or

(2) A firm of wholesale importers. In either case, careful inquiry should be made from all available sources as to their reputation.

The question of consignment stocks is one of considerable importance in connection with representation. It is obvious that these are an incentive to business on account of the promptness with which delivery can be made, and the exporter will be well advised to give the matter careful consideration in connection with such commodities as foodstuffs, liquors, drugs, tools, etc. One commission agent stated that he had increased the business of his principals more than a hundredfold after they decided to maintain stocks in Managua; this was an exceptional case, but it is an illustration of what can be done by this means.

COMMERCIAL TRAVELLERS' REGULATIONS

There are no special regulations in Nicaragua with regard to commercial travellers so far as the central government is concerned. Certain municipalities, however, levy small local taxes, the rate of which varies with the number of houses represented, nature of samples, etc.; for instance, a commercial traveller visiting Managua may pay as little as five dollars, or as much as twenty-five dollars, per visit. There are also a number of small fees paid by all visitors irrespective of their occupation; the reason for these is somewhat obscure, but their total becomes impressive if much travelling is done—as an instance, one traveller states that he paid seven separate fees between leaving the steamer at the port and arriving at his hotel two hundred yards from the dock, the whole amounting to a sum in excess of five dollars.

With regard to samples, duty is collected on everything of commercial value, and this duty is refunded if they are re-exported within six months of their entry; a satisfactory bond is accepted in lieu of cash. The regulations provide that samples must be taken out of the country through the same port at which they entered; this point, however, is unimportant, as no other arrangement is practicable. Catalogues, price lists, etc., carried with the traveller, enter duty free.

Passports are necessary, which must be viséd by a Nicaraguan consul before entering the country. It is also desirable to carry a letter of identification certifying that the traveller is authorized to do business on behalf of his principals.

ADVERTISING

Newspaper advertising is comparatively cheap, and the opinion is expressed by local merchants that this form of propaganda is most valuable for the introduction of foreign commodities. There are four daily papers in Nicaragua, the names of which may be secured on application to the Department of Trade and Commerce, Ottawa.

Other means of advertising are by means of wall posters, the distribution of circulars either by mail or by hand, and window shows in prominent stores. Electric signs are not known.

There are no firms making a specialty of advertising, and the preparation of copy should be left in the hands of the local representative of the exporter.

TRADE MARKS

It is desirable to register trade marks if a permanent export business with Nicaragua is contemplated. While the law on the subject follows similar lines to that of other Spanish-American countries, the *modus operandi* is comparatively simple. All that is necessary is to submit a sample to the Government department concerned, after which the application is advertised in the official gazette. The fees are low, and the matter can usually be left in the hands of the local representative without the employment of a patent lawyer.

Special regulations exist with regard to patent medicines; these have to be registered, and samples of the medicines themselves must be submitted for approval to the Department of Health.

COST OF LIVING

The cost of living in Nicaragua is reasonable in comparison with the majority of other Central American Republics. Rents of houses have doubled within the past few years, but a five-roomed house in a good location in the capital can still be obtained for about sixty dollars a month. Food is cheap, and within certain limits plentiful. Clothing is also fairly reasonable in price, white drill suits being obtainable at about eight dollars each. It is stated that a single man can live fairly comfortably on \$125 a month, and a married man on \$2,500 a year. Hotels, even the best, are distinctly inferior, and when away from the railway routes the visitor must expect to meet with considerable discomfort, if not hardship, in travel.

COSTA RICA

I

General

GEOGRAPHICAL AND HISTORICAL

Costa Rica—the “rich coast”—is the most southerly of the so-called Central American Republics. It forms a rough parallelogram, extending in a general direction from northwest to southeast, and has a total area of about 23,000 square miles. It lies between the limits of $8^{\circ} 17'$ and $11^{\circ} 10'$ north latitude, and between $82^{\circ} 30'$ and $85^{\circ} 45'$ west longitude, and contains a population of about 500,000. This shows a density of about 22 persons to the square mile—about 50 per cent greater than that of Honduras, Nicaragua, or Panama, but less than one-fifth that of El Salvador.

Costa Rica is bounded on the north by the Republic of Nicaragua, on the east by the Caribbean sea and Panama, and on the south and west by the Pacific ocean. The coast line on the Pacific is very irregular, and contains a large number of bays, capes, and peninsulas; the Atlantic or Caribbean side is more uniform. The chain of the Central American Cordilleras traverses the country from northwest to southeast, at a fairly regular distance from both coasts; this gives rise to the three climatic zones of Central America—the “hot country” or *tierra caliente* extending from the sea to the foothills; the “temperate country” or *tierra templada* at an elevation of from 1,500 to 3,500 feet; and the “cold country” extending from 3,500 feet to the highest levels of the plateaus and the highest peaks of the mountains which form the backbone of the country. These zones are probably more clearly defined in Costa Rica than in any other part of the Isthmus; a cross-section, taken at any part of the republic, would show a fairly rapid ascent from the Pacific Coast, a flat tableland in the centre—the *meseta central*—and a less rapid, but still steep, descent to the Atlantic. This configuration has had a marked influence upon the development of the country and has in fact moulded its destinies and made it what it is—the most peaceful as well as the most progressive republic of Central America.

Costa Rica is well watered by rivers. To the north is the San Juan, which forms the boundary with Nicaragua. The Sapoá and the Sarapiquí flow into Lake Nicaragua; flowing into the Atlantic are the rivers Reventazón, Tortuguero, Pacuare, Matina, Bananito, Estrella and Sixola; and the Grande, Pavón, Rosaria, Osa, Tempisque, Barranca, and Jesus Maria, empty into the Pacific. With the exception of the San Juan, none of them are navigable except for small craft; and all are of small importance from the commercial point of view.

Historically considered, Costa Rica presents many features of absorbing interest to the student of political evolution. Discovered by Columbus in 1502, and visited by Martin Estete in 1529 (who first used the name “Costa Rica” as a description of the country at the mouth of the San Juan River), it was not settled until the closing years of the sixteenth century. At that time a number of Spaniards from the Province of Galicia penetrated the country as far as the Central Plateau with the intention of taking up land in the same manner as their compatriots had done in other parts of the Isthmus. But they found very different conditions to contend with in their new home. In the first place, there were few native Indians who could be used as an inexhaustible supply of labour—the dense indigenous populations of Guatemala and Nicaragua

did not extend so far south—and such few Indians as existed could easily retire into the inaccessible forests and mountains to the north and south, where the Spanish settler showed little inclination to follow him. Thus the immigrant to Costa Rica found a set of conditions confronting him which was unique; he had three alternatives—to do his own work, to leave the country, or to die of starvation. And to his credit be it said, he usually chose the first.

Thus in course of time Costa Rica became a country of peasant proprietors, occupying their own small farms, and all concentrated in one limited area on the central plateau. Their life was one of incessant toil; they could produce no more than was required for their own sustenance; and they could import no luxuries, as they had nothing to export in payment. Although they were normally governed by the Captaincy-General of Guatemala, they were left largely to their own devices, for they were too remote from the seat of government and too poor to repay any interest which might be taken in them as a source of revenue.

Thus they grew for three hundred years—hard-working, independent, sturdy, and peaceful. When the revolution of 1821 took place, they threw off the yoke of Spain; for fifteen years they formed part of the Central American Federation, but when that political system broke down, they became an independent republic as at present.

These facts explain why Costa Rica has taken little part in revolutions fomented by its more turbulent neighbours and has developed on democratic lines to a much greater extent than her neighbours, and the results become evident immediately the visitor enters the country. The native workman has an appearance of self-respect and intelligence, and the school house is more conspicuous than the barracks—it is the proud boast of the Government that it supports more teachers than soldiers, and that the percentage of illiteracy is the lowest of any Central American Republic.

This peaceful progress led to the early development of Costa Rica as a factor in foreign trade. The cultivation of coffee was introduced in 1835, and it was the first country to attract foreign capital for the development of the banana industry. The revenue from these industries has enabled the Costa Rican to obtain the advantages of foreign travel and foreign education, and to secure a substantial share of those luxuries for which travel creates a desire.

It is true that there has grown up of recent years a class of opulent land-owners, merchants and others, who now form the upper stratum of society, and may in course of time have an increased influence on the destinies of the country. Fundamentally, however, it remains a land of small proprietors, with little poverty and an example of what can be accomplished by orderly progress as contrasted with clash of opposing interests.

CURRENCY AND FINANCE

The unit of currency in Costa Rica is the "Colon", which has been standardized in practice at the value of 25 cents Canadian currency. The colon is divided into one hundred centavos, and there are subsidiary coins in use of 50, 25, 10, 5 and 1 centimos. United States bills circulate at par, and are legal tender in all parts of the republic.

The issue of currency, and the rate of exchange, is controlled by the "Caja de Conversion", which is a department of the Government established for this purpose. It is authorized by law to deal in New York drafts at par and to issue or receive its own notes in exchange. In addition, the Banco Internacional de Costa Rica has authority to issue inconvertible notes to a total value of nineteen millions of colones, which are guaranteed by Government securities.

The total currency in circulation in April 1928 was as follows:—

Notes of the International Bank	Col. 15,700,000	=	\$3,925,000
Notes of the "Caja de Conversion"	" 8,153,852	=	2,038,463
Silver	" 1,450,000	=	362,500
Copper	" 570,000	=	142,500
Total	Col. 25,873,852	=	\$6,468,463

In addition to the Banco Internacional de Costa Rica there are the following banking institutions in the country: Banco de Cost Rica, which handles all Government receipts and payments; Banco Anglo-Costarricense, conducting a general banking business; Royal Bank of Canada, a branch of the well known Canadian house; Sasso Pirie Sucs., a well established local private bank; and Banco John M. Keith, which has recently been established.

The public revenue of Costa Rica is derived to the extent of about 60 per cent from import and export duties. In addition, there is an excise tax on liquors, which brings in over a million dollars a year. Including the receipts from the postal service, telegraphs, railways, and other minor items, the total revenue for the year 1927 was about thirty million colones, or approximately \$7,500,000—a substantial sum for so small a country. The following are details:—

Revenue, 1927—	\$	Per Cent
Import taxes	4,046,790	53.5
Liquor tax	1,369,702	18.0
Export taxes	536,084	7.1
Export taxes on bananas	76,508	1.0
Railway receipts	640,969	8.5
Stamps and stamped paper	159,064	2.0
Postal service	108,502	1.3
Telegraphs	58,098	0.6
Patents	138,617	1.7
Sundry	511,697	6.3
	7,646,031	100.0

This sum is amply sufficient to cover the expenditure of the Government, which in 1927 amounted to Col. 23,970,947, or the equivalent of \$5,992,737, as follows:—

	\$	Per Cent
Legislative power	107,339	1.8
Judicial power	204,316	3.4
Foreign affairs	75,911	1.3
Justice	18,956	0.3
Religion	12,472	0.2
Charity	123,161	2.0
Education	1,084,182	18.1
Interior	293,938	4.9
Health	72,279	1.2
Public works	643,304	10.7
Safety	656,855	10.9
Finance	250,412	4.2
Railways, telegraphs and postal service	1,173,411	19.6
Public debt	1,136,408	19.0
Sundry	139,793	2.4
Total	5,992,737	100.0

The points to which attention is drawn in the above figures are: firstly, the high proportion of the revenue devoted to education, charity and health, which together form more than one fifth of the total. Secondly, the small amount expended on public safety, which was only 10 per cent of the total; this item, however, included the cost of the police force and bandsmen, and when these are deducted, the total cost of maintaining the army amounted to less than \$150,000. A third point worthy of mention is that after full provision was made for all expenses, including service of the public debt, there was a surplus of Col. 6,613,175 or \$1,653,294.

The public debt at the end of 1927 was as follows:—

British debt (balance of £1,742,460 outstanding) . . .	Col. 33,043,723	= \$ 8,260,931
French debt (balance of fr. 8,410,500 outstanding) . .	" 2,940,000	
Less sinking fund	726,845	
	Col. 2,213,155	= 553,289
United States debt (balance of \$7,876,000 outstanding)	" 31,504,000	= 7,876,000
		\$16,690,220
Interior debt.		= 2,438,032
Total		= \$19,128,252

COMMUNICATIONS AND CHIEF TOWNS

Communications between Canada and Costa Rica are easy and comfortable, and facilities for travel in the interior of the country are equally so.

The country is usually entered by the Atlantic coast, on which is situated the busy and prosperous port of Puerto Limon. This may be conveniently reached either from New Orleans or Cristobal (Panama) in the modern and well-equipped steamers of the United Fruit Co., or it may also be approached direct from New York. There are also a number of coasting steamers by which Puerto Limon may be reached from the Atlantic coast of Nicaragua and Honduras, but these provide inferior accommodation, and it is necessary to secure information in regard to sailings locally.

If it is desired to enter via the Pacific coast, the Panama Mail Steamship Co. provides a service from San Francisco, Los Angeles, or Panama. The port of entry is Puntarenas. There are also local services, of a somewhat irregular character, from the Pacific ports of El Salvador, Honduras and Nicaragua, and as in the case of the Atlantic coast.

Whether entering by the Atlantic or Pacific coasts, there is railway transportation direct from the ports to the capital, and trains usually leave within a few minutes of the arrival of steamers, thereby avoiding delay. There are few formalities at the custom houses, and a system has been evolved whereby passengers can pass direct from boat to train, paying railway fare and baggage charges on arrival at destination. The distance from Puerto Limon (Atlantic Coast) to the capital is 103 miles, and from Puntarenas (Pacific Coast) to the capital 69 miles.

All important commercial cities in Costa Rica are readily accessible either by railway or automobile. The principal ones are as follows:—

San José, the capital, with a population of nearly 55,000, is a modern, well-paved city, which has largely been rebuilt within the past six years. It is situated at an elevation of 3,816 feet above sea level, and the climate is cool and healthy. It is the centre of all the commercial interests of the country, and representatives of foreign firms invariably have their offices established there. There are good hotels, and conditions of living in general are distinctly agreeable.

Cartago, with a population of 35,000, is thirteen miles east of San José. It is the old capital of the country, and is readily accessible by railway. It is the centre of one of the richest agricultural regions of Costa Rica, and will well repay a visit by all travellers, not only from the commercial point but also from the scenic point of view.

Heredia, with a population of 16,000, is the centre of the coffee industry. It is six miles west of San José on the line of railway to the Pacific.

Alajuela, with a population of 30,000, is also in an important coffee-growing district. It is fourteen miles from San José, on the Pacific Railway.

Puerto Limon, with a population of 13,000, is, as already stated, the port of entry on the Atlantic coast. It is the centre of the banana industry, and forms a progressive and prosperous community. It has extensive docks and warehouses; steamers tie up at the wharf without the necessity of lighterage.

Puntarenas, the port of entry on the Pacific, has a population of 5,000. It is inferior to Puerto Limon from a commercial point of view, but has a few business houses of importance, and should be visited by travellers who canvass closely. A modern wharf is under construction, but at present lighterage is necessary.

The above comprise all the towns which are usually visited by commercial travellers. It will be observed that, with the exception of the two ports, they are closely concentrated around the capital; there are, however, a number of villages in the *tierra templada* and *tierra caliente*, but these are of minor importance and difficult of access. As a rule, they would not repay a visit by a foreigner, although local houses canvass them with fair regularity.

II

Natural Resources and Exports

Costa Rica is exceptionally rich in natural resources, and is still richer in future possibilities for development. Blessed with an ideal climate throughout the greater part of its area, and containing many fertile valleys where it is possible to grow practically all the crops of the tropical and temperate zones, the inhabitants have from the earliest times devoted themselves to agriculture; as already mentioned, however, their efforts were confined to a limited district on the Central Plateau, where the natural conditions resembled those of their native Galicia. Thus there are extensive districts, more particularly in the north and south, which still await the plough of the cultivator, or the axe of the woodsman.

Among the agricultural products which are cultivated on a large scale may be mentioned maize, sugar, and beans, which are consumed locally. Substantial quantities of cocoa, rubber, vegetables, fruits, tobacco, and rice are also produced, and the cutting of timber is an important industry.

But it is upon two main crops that Costa Rica depends for its principal source of revenue. These are coffee—the production and export of which is by far the most important industry in the country—and bananas.

With regard to coffee, the cultivation of this crop was introduced in 1835 by one of the presidents, Braulio Carillo. This was, indeed, the first introduction of Costa Rica to the outside world—the quality of the bean was found to be admirable, and it rapidly obtained a high reputation in the markets of Europe. With the opening up of means of communication the demand increased, and new plantations were formed in the Pacific slope, and in fact in all accessible areas where the necessary conditions of heat, damp, and shade were obtainable. At present coffee forms the most important article of export of Costa Rica, accounting for nearly 60 per cent of the total.

The immense banana industry of Central America also had its origin in Costa Rica in 1875, when Mr. Minor C. Keith, a young engineer, began experimenting with its cultivation in order to provide freight for the railway from the Atlantic coast to the capital, then in course of construction. Conditions were found to be ideal. Plantations grew rapidly, and at the present time a large part of the eastern area is given over exclusively to this cultivation. The labour is performed largely by West Indian negroes, who form a compact community in the district surrounding Puerto Limon; they mix little with the natives, but are gradually expanding into the foothills towards the capital, where large areas are coming under their influence. In contrast with the situation in other Central American Republics (where it is claimed that the industry is of little benefit to the country at large), the banana groves in Costa Rica are owned to the extent of two-thirds of the total by the residents of the country. Communication between the planted districts and the capital is rapid and easy, so that the profits are expended locally, and remain in the country. A large amount of the payroll is also expended in the capital, and supplies are also purchased there. Thus it is claimed that in Costa Rica the cultivation of the banana adds directly to the wealth of the country at large, whereas in Guatemala, Honduras and Nicaragua many of the residents believe that no benefit

is derived from it by the mass of the population, as the profits remain abroad, and the expenditure within the country does not percolate beyond the banana districts themselves. Bananas form the second largest item in the exports of Costa Rica, accounting in 1927 for one-third of the total.

In addition to the above, Costa Rica contains deposits of gold, silver, manganese and coal; gold and silver are mined to a small extent on the Pacific slope, but the remainder of the mineral wealth is unexploited. There are pearl fisheries in the gulf of Nicoya, and tortoises are also exported to a small extent.

Manufactures are non-existent, with the exception of small factories devoted to the production of such articles as footwear, cigarettes, cottons (of inferior grade), and ice; electric light plants exist in all the most important cities.

With regard to exports, these were as follows in the year 1926 and 1927:—

	1926	1927
Coffee	\$10,626,040	\$10,611,180
Bananas	6,420,680	5,901,880
Cocoa	824,330	636,290
Gold and silver	520,510	388,930
Timber	203,430	192,990
Hides and skins	56,530	46,030
All other	310,660	281,030
	<hr/> \$18,962,180	<hr/> \$18,058,330

As a result of these exports, the commercial situation in Costa Rica is said to be at the present time more favourable than ever before. This condition is likely to continue as long as the price of coffee maintains its present level, and the cultivation of the banana does not decrease. There are, however, no immediate signs of such eventualities, and experts consulted on the subject are uniformly of the opinion that the present prosperity is destined to continue for many years.

III

Imports

The import trade of Costa Rica has increased rapidly during the past few years, owing principally to the prosperity induced by the high price of coffee, the sale of which provides the funds to enable purchases to be made abroad. The value of imports has been as follows for the years shown: 1923, \$9,785,841; 1924, \$12,003,017; 1925, \$13,820,944; 1926, \$13,825,977; 1927, \$16,310,784, or an increase of 60 per cent in five years.

The greater part of the imports naturally originate in the United States. This predominance is founded not only upon facilities of communication with both the Atlantic and Pacific coasts, but also upon the fact that the banana industry, which controls practically the whole of the Atlantic littoral, is in the hands of one United States firm; the railway from the Atlantic coast to the capital is operated by a subsidiary of the same company, and the wharf and docks at Puerto Limon are also its property, as are also the steamers handling the traffic of the port. Prior to the war, the United States provided about 45 per cent of the total imports, as compared with 20 per cent from Great Britain. During the war the United States increased its proportion, and of recent years the percentage has been 55, falling in 1927 to 50. The following statement gives percentages for the years shown:—

	1924	1925	1926	1927
United States	56.71	54.15	55.73	50.34
Great Britain	16.54	15.62	14.40	14.90
Germany	7.96	10.41	12.33	15.52
Spanish America	10.11	10.32	6.29	7.47
All other	8.68	9.50	11.25	11.77
	<hr/> 100.00	<hr/> 100.00	<hr/> 100.00	<hr/> 100.00

On the whole, in view of the facilities of communication between the United States and Costa Rica, it is surprising that the American share of the trade is not greater; the explanation, however, lies partly in the fact that the coffee crop finds its principal market in Great Britain, and there is a natural tendency for a country to buy in the market where it sells. In certain essential imports, such as jute sacks for the coffee industry, Great Britain has a monopoly.

The latest detailed statistics of imports which have been published are for the year 1926. These are somewhat defective in their arrangement, and do not give countries of origin, but information compiled from official and other sources shows that the total value for that year amounted to the equivalent of \$13,825,977, made up principally as follows:—

Live animals—	Details	Manufactured products—	
Total	\$ 226,862	Total	\$9,064,415
Horses, goats and mules . .	48,465	Cotton goods	1,758,519
Cattle	174,690	Iron and steel	1,147,021
Sundry	3,707	Machinery	579,165
Foodstuffs and beverages—		Automobiles, etc.	511,740
Total	\$3,114,821	Silk and artificial silk . . .	488,729
Flour	970,367	Woollen goods	306,214
Lard	424,013	Electric apparatus	285,776
Rice	419,421	Chemicals	285,251
Wines	145,619	Paper	261,057
Fish	168,041	Leather	227,165
Milk	104,581	Tools	197,052
Vegetable oils	120,185	Rubber goods	183,356
Prepared meats	82,163	Hats	144,904
Beers	76,769	Jute sacks	169,195
Spirits	51,708	Paints, varnishes, etc. . .	131,409
Sundry	551,954	Tobacco and cigarettes . .	124,226
Raw and semi-manufactured materials—		Medicinal compounds . .	100,128
Total	\$1,332,315	Rolling stock	99,155
Timber	149,158	Sundry	2,064,353
Oils, gasoline, etc.	623,551		
Cement	158,942		
Sundry	400,664		

The following gives such details of these imports as may be of interest to Canadian exporters:—

Live Animals.—The trade is principally with the surrounding countries, more especially Nicaragua. On account of difficulties of shipment, there does not appear to be much opportunity for the export of Canadian cattle to Costa Rica at present.

Flour.—There is, as will be seen, a very large demand, which is principally supplied by the United States; one firm of Canadian millers is, however, firmly established. Flour for the Costa Rican market is packed in 49-pound cotton sacks, four of these being again packed in a jute or burlap bag. The cotton sacks are not printed with the names of local brands, the practice in this respect being different from that of Guatemala and other parts of Central America. In view of the large demand for flour, there appears to be no reason why Canadian exporters should not increase their share of the trade, more especially by means of shipments from Vancouver, where an advantage would be secured in low freight rates to Puntarenas. There are no flour mills in Costa Rica, and there is therefore no demand for wheat.

Lard.—This is a highly important article of import; supplies come practically all from the United States. It is said that Canadian prices are a little too high at present.

Rice.—This is required to supplement domestic supplies.

Wines.—The demand is larger than would be expected from the small population. The principal sources of supply are France and Spain, and the majority of the well-known brands are imported.

Fish.—Imports consist of the following: codfish, \$67,772; oysters, etc., \$12,348; salmon and sardines, \$82,107; dried fish, \$5,814.

An importer states that the salmon imported into Costa Rica is generally of very low grade, and would be rejected in many countries; there is, however, a substantial demand, and price being a ruling factor, its cheapness counteracts, in the mind of the native, any objection on the score of quality; in the better-class trade Canada has already secured a share of the market, but her proportion is said to have decreased to a third of its former value during the past few years. With regard to sardines, the demand is for the large oval 15½-ounce tins, which readily retail at a colon (25 cents) each; present quotations are \$4 per case of 48 tins, c.i.f. Puntarenas. Codfish also appears to command a much larger sale than in the other Central American republics. It is stated that Canada already secures one-third of the trade; the principal source of the demand is among the labouring class, who buy it in large quantities during holidays.

Milk.—Condensed milk accounts for 90 per cent of this item, which is worth investigation in view of the fact that Canada has found it possible to compete in other Spanish-American countries.

Vegetable Oils.—Chiefly cottonseed oil and similar products for culinary use, and also olive oil, which is imported from Spain and Italy to the value of some \$20,000 per annum.

Prepared Meats.—The principal item, comprising 50 per cent of the total, consists of hams, which are imported from the United States. Small quantities of pickled pork, pickled beef, and sausages are also imported, but the total of the last-named is insufficient to warrant any effort to secure the trade.

Beers.—As will be seen, the item is substantial; German light beers of the lager type are in good demand. It is stated that a few years ago a brand of Canadian ale secured a fair share of popularity, but no effort is at present being made to promote the sale, and in consequence there is no demand for it. There seems no reason, however, why a good product, properly advertised, should not meet with a fair measure of success.

Spirits.—The item consists of bitters, gin, liqueurs, rum, whisky, and brandy, but with the exception of the two last-named, the imports do not exceed \$3,000 per annum in value. Practically all kinds of Scotch whiskies are in demand, and Canadian brands are also said to be well known.

Sundry Foodstuffs.—Among the more important items under this heading are butter, \$46,018; cheese, \$71,320; biscuits, \$59,380; onions, \$8,541; fresh fruit, \$27,258; tea, \$13,588; salt, \$6,510; confectionery, \$55,588; and mineral waters, \$20,769. There is also a limited demand for potatoes, but the annual imports amount only to about \$600 in value. Canada furnishes about one-third of the butter imported into Costa Rica.

Timber.—It is stated by experts that there are exceptionally good opportunities for Canadian exporters of lumber. All the standard sizes are in use, and there is also a steady demand for constructional timber, bridge timbers, and ties on the part of the railways. One of the railway companies has already experimented with Douglas fir for track purposes, so that this material is already well known in Costa Rica. The extension of the telegraph and telephone systems also requires large numbers of poles, crossarms, etc., and there will be a favourable market for these in the near future. Exporters are recommended to make inquiries into the situation.

Oils, Gasolene, etc.—In none of the items under this heading can Canada compete with any hope of success.

Cement.—There is said to be considerable competition between European and United States firms. So far Canadian firms do not appear to have secured any of the trade, although substantial quantities are exported to other Central American republics.

Cotton Goods.—The principal items in this classification are: printed cottons, \$316,668; piece goods, \$212,246; "manta", \$208,138; drill, \$189,738; stockings, \$113,310; canvas, \$119,681; clothing, \$59,702; blankets, \$105,481; ticking, \$125,498; sundries, \$308,057.

About one-half of the business is done with Great Britain, the remainder going mostly to the United States. Competition is keen, and in contrast to the general situation in Costa Rica, business is not so prosperous as in other lines of imports. The trade is usually in the hands of commission agents who sell to both wholesalers and retailers, especially the latter. As a large number of small orders are required to make up an export shipment, this means that the retailers all receive the same patterns and qualities of goods, and hence compete with one another to a much greater extent than is desirable. The buyer can, however, sometimes arrange for the exclusive handling of special designs, which enables him to secure a fair profit. The Syrian merchant is not such a prominent factor in the textile trade as is the case in Guatemala and Salvador. Cotton duck is imported from the Dominion on a small scale—probably to the extent of \$2,000 per annum on the average, and this appears susceptible of increase. A good cheap line of cotton stockings and socks might also meet with a favourable reception; underclothing such as shirts, undershirts, and drawers, is not imported to any great extent, and in prints and piece goods the market is so organized that new firms would find competition difficult unless a special study were made of the conditions essential to success.

Iron and Steel.—The market deserves the attention of Canadian exporters, more especially in such items as constructional iron and steelwork, which was imported in 1926 to the value of \$58,000. Fence wire is also required to the extent of \$60,000 per annum, and nails, tacks, and screws were imported in 1926 to the value of nearly \$400,000. There is a substantial demand for railway material, such as rails and fastenings, and iron pipes are also in demand: a certain amount of the last-named have recently been imported from Canada. The usual lines of "shelf hardware" are on sale in all hardware stores; the cheaper varieties come from Germany and the better qualities from the United States; small quantities are also imported from Great Britain, but prices are usually too high for the market.

Machinery.—The item is subdivided as follows: locomotives, \$85,362; motors, pumps, etc., \$78,218; sewing machines, \$48,112; sugar machinery, brewing apparatus, etc., \$23,819; agricultural machinery, \$74,351; all other, \$269,303.

The imports of agricultural machinery consist principally of equipment for the coffee estates, in which Great Britain maintains the lead which she has held for many years. The same remark applies to sugar machinery. Among the items included under "sundries" may be mentioned typewriters (\$28,945), cash registers (\$15,824), woodworking machinery (\$12,492), printing machinery (\$39,798), and flour mill equipment (\$28,193).

Automobiles, etc.—The item consists of passenger automobiles (\$368,379), motor trucks (\$142,333), and sundries (\$1,028). The automobile is popular in Costa Rica, and the demand is said to be increasing at a more rapid rate even than the prosperity of the country warrants. The motor truck is also coming into more general use on the coffee and sugar estates. Canada is already securing a substantial share of the business; over one hundred trucks were imported from the Dominion in 1926, double the number for the previous year; and sixty automobiles.

Silk and Artificial Silk.—The chief imports are piece goods of silk and silk mixtures, which together account for two-thirds of the total. Silk stockings account for a further 16 per cent (\$82,790), indicating a higher standard of living than is general in Central America. The remainder consists of clothing, shawls, hats, and velvets. In view of the increasing importance of the artificial silk industry in Canada, the market deserves attention: a good line of artificial silk stockings and underwear, properly introduced and advertised, would meet with a ready sale.

Woollen Goods.—The principal imports consist of cashmeres, piece goods, and ready-made clothing. Competition is severe, and special efforts would have to be made by exporters to introduce a new line with any hope of success. In general, the remarks under the heading of cotton goods apply equally to the import trade in woollens.

Chemicals.—The item includes a long list of industrial chemicals, none of which are imported on any scale. Canada already secures a portion of the trade in certain industrial chemicals in which she is in a position to compete, such as fertilizers, calcium carbide, and mining chemicals. Apart from these, the only products in which trade is possible appear to be ammonia, carbonic acid gas, and caustic soda. Matches are also an important item of import (\$51,499 in 1926), but this trade is closely controlled, and there appear to be no opportunities for successful competition.

Electrical Apparatus.—The item consists of the following: electrical equipment, \$240,539; pumps, \$25,482; motors, \$6,594; ranges, \$6,184; radio apparatus, \$5,118; electric irons, \$1,859.

With regard to the general situation, it may be said that in the capital the light and power system is owned by Boston (Mass.) interests, under the title of the Cía Nacional de Electricidad. Another company, the Costa Rica Electric Light and Traction Company, is under British control, but is in the course of transfer to American interests. Still a third, the Cía Hidroeléctrica Nacional, is being formed with German capital, being a subsidiary of the "A.E.G.", who have charge of the construction of the plant. In Cartago the local company is about to sell its control to American interests. The light and power systems in Puntarenas are under private control. Thus conditions in regard to electrical developments are in a state of flux, but the situation is worth attention by exporters who are in a position to supply any kind of equipment for transmission lines or power installations. The remainder of the items listed above are of minor importance, but indicate a small demand for household appliances and factory equipment; it is doubtful, however, if Canada can compete in these, as, where inquiries have been made, it would appear that quotations are about 15 per cent too high in comparison with those of other countries. The voltage in San José and the surrounding districts is 110 for both power and light.

Paper.—The item is made up as follows: wrapping paper, \$119,592; newsprint, \$74,412; cigarette paper, \$16,968; writing paper, \$16,148; sundries, \$33,937.

Wrapping paper comes principally from the United States; it is usually imported in rolls of varying widths, the name of the purchaser being printed on it by the exporter for advertisement purposes. Newsprint comes from Germany and Sweden, and is imported partly in rolls of the standard dimensions and partly in sheets 28 inches by 42 inches in size; it is stated that there is a larger demand for newsprint than the circulation of the daily papers would appear to warrant; this is due to the fact that it enters free of duty, and for this reason is used for many other purposes. Writing paper and stationery is usually imported in boxes of 25 sheets, with envelopes; the chief source of supply is the United States, but a little is also imported from Canada and Germany. The

demand is small, and this is attributed by a dealer to the excellence of the national telegraphic service, which reaches the most remote parts of the republic, and on account of its cheapness and reliability is used to a much greater extent than in other parts of Central America.

Leather.—This classification consists of the following items: belts for machinery, \$7,031; calf skins, \$10,253; sundry hides, tanned, \$195,872; patent leather, \$109; manufactured leather, \$13,721; sole leather, \$179. More than 90 per cent of the supplies are imported from the United States. The principal demand is for upper leathers, both black and in the more popular modern shades. Patent leather is only in small demand, as climatic conditions make it difficult for the manufacturers to guarantee the durability of their product for any length of time; such patents as are imported are said to be used exclusively for the manufacture of women's shoes, and for use in the capital and the surrounding district, where the style of footwear is considered of importance. There is little demand for imported sole leather, the local production being sufficient to satisfy the market, in spite of its somewhat inferior quality. Canadian exporters desiring to secure a portion of the trade are recommended to concentrate on grains, finished splits, calf, kip, sheep, lamb, goat and kid uppers, the demand for each of which is valued at from \$20,000 to \$30,000 per annum. There is every prospect of the market for leather in Costa Rica becoming increasingly important during the next few years. The market for imported footwear is worth about \$20,000 per annum, and for gloves about \$900 per annum.

Tools.—The requirements of Costa Rica in regard to agricultural tools are of a special nature, which cannot be understood unless detailed investigation be made on the ground. The "machete" is in universal use, but frequently takes a special form for special purposes, such as the *machete de suelo*, which is thickened in the blade and used for cultivating the ground instead of the hoe. This is supplied almost exclusively by an English firm. The spade is used to a limited extent. Artisans' tools are of the standard patterns, and are supplied principally by the United States and Germany.

Rubber Goods.—More than one-half of the imports consist of pneumatic tires and inner tubes; the principal source of supply is the United States; probably one-tenth of the total comes from Canada. Other important items are rubber soles and heels, hose, and linoleum. Rubber gloves imports are valued at \$500 per annum.

Hats.—On account of the moderate temperature of the more densely populated sections of the country, felt hats are in much greater demand than in other parts of Central America, and these account for more than half the imports. Straw and panama hats are also popular in the hot country, and on the Central Plateau during the hot season. The principal source of supply is the United States, and competition is keen; at the same time, a felt hat of good quality, able to compete in price with the average grade at present on the market, and made in the latest colours and shapes, should be able to secure a fair demand.

Jute Sacks.—This is a monopoly of British firms having special connections with the sources of supply, and competition is said to be impossible.

Paints, Varnishes, etc.—The demand is not so large as might be expected, and is supplied principally from the United States. In view of the quality of the Canadian product, it appears possible that with a certain amount of propaganda effective competition could be made. Included in this classification is the item of shoe polish (\$28,444). The possibilities of the trade appear to be worthy of investigation.

Tobacco and Cigarettes.—Nearly 90 per cent of the imports consist of cigarettes. The trade is well organized, and special efforts in the way of propaganda and advertising would be necessary to enable a new brand to secure a portion of the business.

Medicinal Compounds.—The hospital services in Costa Rica are of an exceptionally efficient kind, and medical practice is also of a high character. Among the medicinal compounds for which there is a substantial demand are salts of quinine, cod liver oil, absorbent cotton, medicinal soaps, veterinary medicines, fruit salts, and serums. It does not appear that patent medicines and proprietary articles are in such a great demand in Costa Rica as in other countries in this area, the total imports under the general heading of "drugs" amounting to only \$10,000 in 1926. This is attributed by a medical authority to the readiness of the native to consult a doctor whenever he feels the need of attention, and to the very low fees charged for consultations—in fact, it is frequently cheaper to obtain medical advice than to purchase drugs which may or may not effect a cure. The possibilities of Canadian competition in medicinal compounds appear to be limited, more especially in view of the necessity of advertising on a substantial scale.

Rolling Stock.—The item consists principally of railway coaches, which were imported in 1926 to the value of \$75,897. The balance (\$18,258) consists of street cars. In order to compete, it would be necessary to communicate with the purchasing agents of the various railways, although it must be borne in mind that one of the systems is controlled by United States interests. The purchasing office of the Government railway is situated in San José.

Sundry Manufactures.—Among the items included under this heading, which might be of interest to Canadian exporters, are the following, figures being for 1926: soaps, \$6,325; harness, \$108,209; perfumery, \$78,713; furs, \$6,325; cordage, \$30,382; books, \$108,209; glassware, \$69,624; aluminium goods, \$7,814; musical instruments, \$92,748; explosives, \$30,883; toys, \$44,757; and office equipment, \$50,197.

IMPORTS FROM CANADA

Exports from Canada to Costa Rica for the past nine years (ending March 31) were valued as follows: 1920, \$36,211; 1921, \$60,844; 1922, \$95,717; 1923, \$82,783; 1924, \$136,010; 1925, \$153,627; 1926, \$213,445; 1927, \$198,946; 1928, \$203,050.

In spite of a small population and difficulties of communication, Costa Rica is at present the best customer of Canada among the Central American republics, and the variety of products shipped is greater. In the last fiscal year the principal products exported from Canada to Costa Rica were, in order of value: automobiles, passenger, \$61,066; automobiles, freight, \$29,747; dried codfish, \$29,004; sewing machines, \$7,425; wheat flour, \$6,914; rubber tires, \$6,826; calcium carbide, \$6,165; butter, \$5,166; paper and manufactures of, \$4,750. A branch of a Canadian bank is established in the capital. The prosperity of the country, and the lack of any political questions which can lead to internal difficulties in the near future, are encouraging features in the general situation.

IV

Tariff, Documentation, and Representation

The import tariff of Costa Rica is extremely simple. Duties are based upon gross weight of merchandise (with a few exceptions), and are quoted in colones (1 colone = 25 cents Canadian currency) per kilogram. There are 151 items, divided into the following ten classes:—

- (1) Earths, stones, glassware, ceramics, and minerals.
- (2) Metals and metallic products.
- (3) Vegetable fibres and textiles.
- (4) Animal fibres and textiles.
- (5) Paper and its products.
- (6) Timber and other vegetable products for industrial use.
- (7) Hides and other animal products for industrial use.
- (8) Foodstuffs.
- (9) Products for use in pharmacy.
- (10) Sundry.

On account of the limited classification, the incidence of the import taxes is somewhat irregular, but the duties cannot be considered high, and they have practically no protective effect.

There are a number of surcharges, all of small amount. The principal one is a tax of 2 per cent of the duties, which takes the place of a consular fee; there are also a wharfage tax of 2 centavos per kg. (equal to a little over a fifth of a cent per pound) and a "cheap houses" tax of a half centavo per kg. (about one-sixteenth of a cent per pound). Goods destined to the province of Limon pay an additional surcharge of 5 per cent of the duties; goods for other provinces pay a surcharge of 2 per cent for the maintenance of the customs house at San José, but this is not imposed in the cases of Puntarenas and Guanacaste.

The free list is very extensive, and comprises cement, coal, fertilizers, asphalt, earthenware pipes, filters, cement roofing, asbestos, gypsum, bottles, machinery, barbed wire, disinfecting apparatus, fly screens, expanded metal, containers for export purposes, gold, tractors, tanks of wood or iron, sewing cotton, raw cotton, linen thread, newspapers, newsprint, boats and vessels, veterinary medicines, serums, disinfectants, insecticides, cattle for breeding purposes, domestic animals, and birds.

The only prohibited imports are armaments of war, and foodstuffs unfit for human consumption.

DOCUMENTATION

The documentation of export shipments to Costa Rica has been reduced to its simplest form. All that is required is four copies of the *commercial* invoice, which must be made out in Spanish and signed by the exporter.

The invoice should contain the following information: Name of consignee; name of steamer, and port of arrival; date of shipment; details of merchandise; number of packages (in letters and figures); marks and countermarks; gross and net weights of packages in kilos; signature of shipper. No consular invoices are required, no consular visá is necessary, and no consular fee is payable by the exporter. There are no restrictions on packing or labelling, and no fines of any importance for errors in documentation.

It is customary for the exporter to place at the bottom of the invoice, above his signature, a certificate that the details are correct, and the following wording is suggested: "Declaramos que los valores y otros particulares mencionados en esta factura son correctos." (We certify that the values and other details mentioned in this invoice are correct.)

No certificate of origin is required, but the country of manufacture is frequently stated on the invoice thus: "Fabricado en el Canadá" (made in Canada).

There are no special regulations in regard to parcel post shipments, but invoices should give post office numbers of parcels; otherwise the routine is the same as outlined above.

REPRESENTATION

The only suitable means of representation in Costa Rica is through commission agents; this method is becoming standardized. There are a few wholesale importers who take foreign agencies, but these houses are becoming of less importance as time goes on; in fact, it is claimed that whereas before the war one-quarter of the import trade was done through these wholesalers, the proportion is now less than 10 per cent, and there are not now more than four or five wholesale houses in existence.

The commission agents call upon both retailers and wholesalers, booking small orders for shipment direct to the purchaser. Competition for business is

keen between agents selling the same lines of merchandise; thus the retailer finds it possible to secure close quotations for anything he wishes to purchase, and can see no object in going to a wholesaler, who necessarily has to secure an additional profit for himself.

Certain large retailers, however, prefer to buy direct from manufacturers without the intervention of an agent; in that way they can secure a monopoly of certain classes of articles, whereas if they bought through agents they would obtain exactly the same goods as the stores with which they were competing. A further reason, which operates in a few cases, is that an agent is generally responsible for the collection of accounts, and brings pressure to bear when payment is overdue; when direct purchases are made, this pressure is removed.

These large retailers usually have their principal store in the capital; they also act to a certain extent as wholesalers, reselling to other smaller retailers in the country districts. They do not, however, sell to retailers in the capital itself, as they consider that this would introduce an undesirable element of competition with themselves.

A further means of representation is by means of travellers who visit Costa Rica at regular intervals. This, however, is often supplementary to the appointment of an agent, and not a substitute for it.

Thus it may be considered that in Costa Rica the only satisfactory method of conducting an export business by Canadian manufacturers is through a commission agent. There are about eighty such agents in San José alone, which is considered excessive in comparison with the volume of business to be done. The selection of a suitable firm is a matter of some difficulty, but there are a few whose standing is above question.

With regard to terms of payment, it is stated that 95 per cent of the import trade is done on a credit basis, the usual terms being 60, 90, or even 120 days' sight; flour is an exception, and is generally sold on a basis of cash against documents. There appears to be little risk in granting such extended terms, and where losses occur these may be attributed to the selection of an unsuitable agent who does not exercise proper care in the choice of his customers.

COMMERCIAL TRAVELLERS' REGULATIONS

All commercial travellers entering Costa Rica are expected to pay a tax on admission of 25 colones (equal to \$6.25); the various municipalities also impose fees which differ in amount, but in both cases it is quite common to find that no effort at collection is made by the authorities. A traveller who desires to comply with the law should make inquiries at the municipal offices.

Samples of commercial value pay duties at the rate of 10 centavos per kg. (a little over 1 cent per pound). The commercial traveller must effect clearance at the port, and make a deposit of the full amount of the duty (a bond will be accepted in lieu of cash in the case of well-known firms). A certificate of entry is then issued, and on re-export the samples are carefully checked with this certificate, any deficiencies being charged with the full amount of duty as merchandise. If, however, the samples are complete, the original payment is refunded. A careful check is made of all passengers' baggage when leaving Costa Rica, and any attempt to defeat the purposes of the law is severely dealt with.

Three months are allowed for samples to remain in the country, which may be extended for a further similar period on application being made to the Director of Customs. After this second period, full duty becomes payable.

V

Advertising; Trade Marks; Cost of Living

ADVERTISING

Various methods of advertising are adopted in Costa Rica. Newspaper advertising is popular, and is said to be efficient in the majority of cases; there are two daily papers in San José which are suitable for this purpose, the names of which may be secured on application.

The distribution of circulars from house to house is also effective, especially when accompanied with free samples of articles where this method is practicable (such as tooth paste, soap, and patent medicines). A fair amount of poster advertising is done by means of both paper and enamelled signs—the latter, however, in spite of its greater permanency, is considered somewhat expensive. Efforts are being made to introduce electric signs on a substantial scale, but at present few of these are in use. Display advertising in store windows is considered an effective means of propaganda, and as retailers are usually willing to provide facilities for this purpose, the returns in proportion to the cost are said to be particularly satisfactory.

There are no advertising agents in Costa Rica, and it is customary to leave the matter of propaganda in the hands of the representative of the exporter.

TRADE MARKS

The law in regard to trade marks follows in general that adopted by the other republics of Central America, and the method of securing them is similar. All that is necessary is a power of attorney, in Spanish, accompanied by a detailed description of the mark and at least four specimens of the mark itself. These should be sent to the local representative of the firm making the application, or in case no such representative has been appointed, to a patent attorney in San José. He will make application for registration, and attend to necessary detail work. (The name of a suitable firm may be secured on application.)

The fee for registering a trade mark is approximately the equivalent of \$35.

It should be noted that in consequence of the "piracy" of the trade mark of a well-known Canadian manufacturer, a ruling of the Costa Rica court lays down that trade marks cannot be registered without the presentation of a power of attorney from the manufacturer whose name appears on the trade mark itself. Thus the opportunities for falsification of marks are more limited than in the other Central American republics; at the same time it is highly desirable to take the precaution of registering them in order to avoid difficulties at a later date.

COST OF LIVING

The cost of living in Costa Rica is reasonable in comparison with other parts of Spanish America, and conditions of life, especially in the capital, are exceptionally agreeable. This remark applies not only to the climate, which is generally cool throughout the year, but also to the social amenities and conditions of health.

With regard to rents, a house of six rooms in the best district of the city can be secured at from 250 colones to 600 colones (\$62.50 to \$120) per month; board and room cost on an average 200 colones (\$40) a month. Furnished houses are difficult to obtain, and are double the rent of unfurnished.

The cost of imported foods is high, but supplies of local production are reasonable in price and of good quality.

In general, the cost of living to a resident is about one-half of that in Mexico, and from 60 to 75 per cent of that in Guatemala.

THE REPUBLIC OF PANAMA

I

General

GEOGRAPHICAL AND HISTORICAL

Panama is the most easterly of the Central American republics. It extends in the form of an elongated "S" curve from west to east, and lies between the limits of $82^{\circ} 30'$ and $77^{\circ} 15'$ West longitude, and 7° and $9^{\circ} 10'$ North latitude. It has an area of 32,380 square miles and a population of 450,000, thus giving a density of 14 per square mile.

It is bounded on the north by the Atlantic Ocean or Caribbean Sea, on the east by Colombia, on the south by the Pacific Ocean, and on the west by Costa Rica.

Up to 1903 it formed one of the nine departments of the Republic of Colombia; in that year it rose in revolt, and has since formed an independent republic.

The whole country is traversed longitudinally by the chain of the Central American Cordilleras. The greatest elevations occur towards the westernmost extremity, where rise the volcanic peaks of Pico Blanco, Chiriqui, and Rovalo; towards the centre the elevation gradually decreases and forms the pass which is now occupied by Gatun Lake and the route of the Panama Canal; the mountain chain then continues towards the east, but still at a low altitude, until it merges into the mighty ranges of the Andes of South America.

The republic derives its importance from the existence of the Panama Canal, which crosses the isthmus of Panama from northeast to southwest. The route follows the valley of the Chagres river on the Atlantic slope, passes through the Continental divide, and descends to the Pacific down the valley of the Rio Grande. Its length is 50.72 miles, and, by a peculiar freak of nature, the Atlantic entrance is 27 miles west of the Pacific entrance.

The isthmus of Panama has formed one of the most important centres of Spanish influence since its discovery in 1513. In that year Balboa, the Spanish explorer, first saw the waters of the Pacific from that "peak in Darien", whose site is still unknown. Shortly afterwards, the settlement was founded and rapidly became one of the largest and most prosperous cities of the new world. Here were brought together the treasures of Peru and the nations of the West, before they were carried across the isthmus to be loaded on to the galleons of Spain; here came the Spanish adventurers to spend their new-found wealth; and lured by the rumours of untold riches, here came the buccaneer Morgan a hundred and fifty years later and levelled it to the ground.

But it is hard to destroy a highway of commerce. The city was rebuilt five miles from its former site, and the isthmus still remained the chief means of transit between the two oceans. It saw the passage of the 'forty-niners, on their way to the newly-discovered gold fields of California; in 1855, the Panama Railway was opened, and its position as one of the strategic centres of the world's traffic was secured for all time in 1914 with the opening of the Panama Canal.

Thus the canal, and through it the limited area forming the isthmus of Panama, forms the principal reason for the existence of the republic. It is to this that it owes its prosperity, although developments are now taking place which are probably destined to lead to the opening up of territories which have

hitherto remained practically unexplored. The next five years may see the results of these efforts, and if successful, they should have a profound effect upon the future of the country.

CURRENCY AND FINANCE

The unit of currency in Panama is the Balboa, which is of equal value with the dollar. In actual practice, however, the Balboa has passed out of circulation, having been exported during the Great War on account of its intrinsic value as metal being greater than its currency value. No reissue has since been made, and United States currency now circulates freely in its stead. Thus for all practical purposes, it may be taken that the currency of Panama consists of the United States dollar, together with its multiples and fractional coins.

There are three banks in Panama: El Banco Nacional; the National City Bank of New York; and the Chase National Bank of New York. It is stated that a Canadian bank has also recently been making investigations with a view to establishing a branch in Panama.

The principal sources of revenue are import duties and consular fees, internal taxes on liquors, a land tax, and receipts from public markets and wharves. In addition, there are a number of minor sources of income such as posts, a gasoline tax, and receipts from a racecourse near Colon. The estimated revenue for 1926 was as follows:—

	\$	Per Cent
Customs dues and consular fees.. . . .	3,340,000	53.1
Liquor taxes	1,900,000	30.2
Land tax	300,000	4.8
Markets and wharves.. . . .	200,000	3.1
Sundry.. . . .	543,940	8.8
	<hr/> 6,283,940	<hr/> 100.0

The total external debt of the republic is, according to the latest figures available, \$10,580,000, as follows:—

1914 Loan for railway construction	\$1,414,000
1923 Loan for road construction	4,366,000
1926 Loan for railway construction	2,600,000
1927 Loan for general purposes	2,200,000
	<hr/>
Total external debt	\$10,580,000
In addition there is an internal debt of	2,668,973
	<hr/>
Making total liabilities of	\$13,248,973

COMMUNICATIONS

There are numerous lines of steamers making connections with the Panama Canal, including the United Fruit Company, Panama Railroad Steamship Line, Grace Line, Pacific Steam Navigation Company, Panama Mail and Panama Pacific Line. The time occupied in the voyage from New York to the Canal Zone is about a week, and from San Francisco about three weeks.

The chief cities, including both those in the Canal Zone (which is under the administration of the United States) and in the republic itself, are as follows:—

Cristobal, on the Atlantic coast at the entrance to the canal, is a busy and populous port, with handsome public buildings and many important houses of business. Commercial travellers usually make it their headquarters. It is in the Canal Zone.

Colon is in the Republic of Panama, and forms a unit with the city of *Cristobal*, the dividing line between the two being indistinguishable by the visitor. It is chiefly important as a port of call, and has extensive docks, warehouses, fuel stations, and all the equipment necessary to a modern and progressive port. (Population, 35,000.)

Panama City, the capital of the republic, is situated near the Pacific entrance to the canal. It is connected with Colon and *Cristobal* by the Panama railroad, 48 miles in length, which provides a frequent, rapid, and excellent service across the isthmus between the two

cities. Panama City is the centre of the retail and wholesale trade of the republic, and is a distributing point for the interior, as well as for the neighbouring countries and parts of South America. Its population is about 60,000.

Ancon has the same relation to Panama City as Cristobal has to Colon. It is in the Canal Zone, and commercial travellers visiting the one will naturally visit the other, as the dividing line is not clearly defined.

Balboa, on the Pacific side, is also in the Canal Zone, and contains the administrative offices of the United States Government. It is about a mile from Panama City, and is at the Pacific entrance to the canal. It has large wharves, docks, and warehouses, and performs the same functions as Colon does on the opposite side of the isthmus.

All the above can easily be canvassed in two days. The only other town worthy of a visit from a commercial point of view is Bocas del Toro, which is the centre of the banana industry, and is situated on the Mosquito Gulf, 140 miles from Colon. Local inquiries should be made as to means of transport.

II

Natural Resources and Exports

Panama vies with the other Central American states in fertility of soil, climatic conditions, and the possibility of future development based upon these natural advantages. Of the agricultural products at present cultivated, *bananas* take the first place—a development which, as in other republics, is dependent upon foreign capital for its existence. The centre of the industry, as already stated, is at Bocas del Toro, but the fruit company also purchases small quantities of bananas from native cultivators in other places. Unfortunately, the plantations have suffered in recent years from the “Panama disease” or “wilt”, for which no remedy has yet been found.

Sugar cane also forms an important crop. The principal plantations are situated in the Aguadulce district, but it is also grown in scattered areas on the Pacific slope. The total production is insufficient to supply local needs, and substantial quantities of sugar are imported to supply the deficiency. Alcohol is a by-product of the industry, and this is produced in quantities more than necessary for local consumption.

Cocoa is largely grown on the estates of the fruit company which controls the banana trade, and to a smaller extent in other parts of the country. It has been cultivated on lands which were formerly planted to bananas, but which have recently become useless for that purpose on account of the “Panama disease”. The production on these areas up to the end of 1925 was nearly 2,500 tons per annum, but this is now said to have increased to more than 3,000 tons.

Coffee is grown in the Province of Chiriqui for local consumption. The quality is said to be high, but the industry has not yet developed to such an extent as in the neighbouring countries.

Tobacco is also grown, but the quality is inferior, and it is used principally to mix with imported leaf.

Rubber cultivation at present forms the subject of experiments; natural conditions are favourable, but nothing can as yet be said as to the results.

Coconuts grow wild, and form a fairly important item of export. They are usually collected by the natives, who sell to dealers in the cities, these in turn shipping them abroad as opportunity occurs.

Cattle are raised on the plateaus in the Provinces of Chiriqui and Anton, and are shipped to the isthmus for consumption. The hides form an article of export.

Among other natural products may be mentioned balata, tortoiseshell, mother of pearl, hardwoods, and ivory nuts.

With regard to minerals, the country is reported to be very rich in gold, and this view received confirmation in recent years, when a London syndicate was

granted prospecting rights over extensive areas. The results are said to be highly satisfactory, but details are closely guarded.

Oil is said to exist, but exploration, accompanied by drilling, has not yielded any results commensurate with the expense.

Manufactures.—Manufactures have been established in Panama to a greater extent than in the other Central American republics on account of the comparatively high purchasing power of the residents on the isthmus, combined with the protective tariff. Among others may be mentioned breweries, a hat (felt and straw) factory, shoe factories, and distilleries. There are also ice and electric light plants, and the manufacture of salt is carried on, in a somewhat primitive manner, on the Pacific coast.

With regard to exports, these were valued at \$1,751,792 for the first six months of 1926—the latest period for which statistics are available. The chief items were: bananas (1,866,955 bunches), \$1,179,705; cocoa, \$241,701; coconuts (No. 4,446,900), \$103,075.

The first two items are due to the operations of one foreign company, so that the exports due to native enterprise do not much exceed \$600,000 a year in value.

Of the total exports, over 90 per cent go to the United States, the remainder being divided among various European countries, Japan, and South America.

A peculiar feature of the official statistics is the apparently “unfavourable” balance of trade in Panama. With exports of \$3,500,000 and imports of \$15,000,000 (excluding the imports for the Canal Zone), it would appear that the country is in a dangerous financial situation, if modern theories of foreign trade are accepted. The explanation is to be found in the fact that a large proportion of the imports are for the tourist trade. These are afterwards re-exported, and do not appear in the statistics.

The value of these re-exports is estimated at \$17,000,000 and the profits remain in the country. This figure should be added to the \$3,500,000 above given; the total value of exports would then equal \$18,500,000, as against imports of \$15,000,000—a “favourable” balance of trade which is apparently a much closer reflection of the true situation.

III

Imports

It is difficult to analyse the imports of Panama from the statistical point of view, partly on account of the fact that yearly trade returns are not published, and partly because such statistics as are available do not give a true picture of the situation as it really exists. Neither are detailed statistics published by the Panama Government of the imports received by the commissaries of the Canal Zone, which enter free of duty for the consumption of the employees.

The import trade of Panama differs essentially from that of the other Central American States in that a great, but unknown, proportion of it consists of articles required for the enormous tourist trade of the Canal, and also for the entrepôt trade, which forms an important part of the activities of the Canal Zone. Thus, the imports may be roughly classified as follows:—

Imports for the Canal Commissaries, which enter the Canal Zone free of duty. The value of these may be roughly estimated at \$7,000,000 per annum. They are purchased by the Canal Commissary itself, about 75 per cent coming from the United States, 14 per cent from Panama (principally live cattle), and the remaining 11 per cent from Europe and the Far East.

Imports for Reshipment.—There are extensive warehouses on both the Pacific and Atlantic sides of the Canal, where goods are stored by foreign exporters for sale to Central and South America. These may appear in the

statistics as imports, but are not required for local consumption and therefore give an incomplete view of the requirements of the country. The probable total of these re-exports is \$500,000 per annum.

Imports for the Tourist Trade.—This, as already stated, forms a very large percentage of the import trade; it has been estimated that some 150,000 tourists visit the Canal Zone annually, and there are few who do not purchase some memento, more or less costly, of the trip. Such articles are not of course required for interior consumption, and the inclusion of their values also gives an exaggerated idea of the requirements of the native population. The same remarks apply to supplies required for vessels entering and leaving the Canal. The total sale value of these two items has been estimated at \$17,000,000, which would probably represent an import trade of \$10,000,000. No figures of an official nature are, however, available.

Imports for the Banana Industry, which go in their entirety to Bocas del Toro, may be estimated at a minimum of \$1,000,000 per annum.

The remainder of the imports would represent the consuming capacity of the residents of the republic.

Assuming the above figures to be accurate (and it must be admitted that there may be a wide margin of error), the imports of Panama would be as follows:—

To Canal Zone Commissary	\$ 7,000,000
To Panama, as per official statistics	15,000,000
	<hr/>
	\$22,000,000
Divided as follows—	
Canal Commissary	\$7,000,000
For reshipment	500,000
Tourist trade	9,000,000
Banana industry	1,000,000
	<hr/>
	\$17,500,000
Leaving for native requirements	\$ 4,500,000

This would appear to reveal a very low consuming capacity, which is only partly confirmed by observation. It must be borne in mind, however, that the purchasers of foreign goods are concentrated in the cities of Panama and Colon; the natives in the interior (mostly Indians) live upon the products of the soil which are most readily available.

IMPORTS OF INTEREST TO CANADIAN FIRMS

Coming to the items of import which are of interest to Canadian exporters, these may be briefly referred to as follows:—

Foodstuffs.—The following gives the most important items for the first six months of 1926:—

Rice	\$302,615	China and Germany
Flour	283,023	United States
Milk, evaporated	88,567	United States and Italy
Butter	83,770	United States and Ecuador
Eggs	81,681	United States
Lard	66,730	United States
Potatoes	61,034	United States, Holland and Germany
Milk, condensed	56,000	United States and Holland
Confectionery	50,600	United States, England and Cuba
Biscuits	42,012	United States and England
Salt pork	38,677	United States
Cheese	32,388	United States, Italy and Holland
Onions	32,498	United States and Chile
Margarine	20,418	United States
Ham	27,692	United States
Beans	23,861	United States, Chile, Holland and Germany
Sardines	22,581	United States, Spain and Norway
Sausage	15,237	United States and Italy
Vegetables, fresh	12,191	United States and Jamaica
Salmon	3,495	United States

Beverages.—Wines are imported to the value of some \$150,000 per annum, principally from England, France, and Spain. German light beers are in demand, and spirits, such as whisky, brandy, and rum, are valued at about \$200,000 per annum.

Construction timber is imported to the value of \$260,000 per annum, chiefly from the United States.

Mineral oils are required to the extent of \$800,000 per annum. The principal item is gasolene, but lubricating oils account for \$130,000, fuel oils for \$175,000, and kerosene for \$180,000.

Cement is an important item, and is purchased to the extent of some \$160,000 yearly. The principal sources of supply are Germany and Italy.

Perfumery and Cosmetics.—These are imported to the extent of over \$200,000 per annum, principally for the tourist trade, which consumes 90 per cent of the total.

Colours, Paints, and Varnishes.—These come principally from England and the United States, and are imported to the value of about \$100,000 per annum. The principal demand is for prepared oil paints, which account for 60 per cent of the total.

Medicinal Compounds.—The total imports amount to about \$320,000 per annum, of which patent medicines amount to about \$190,000.

Leather Goods.—There is a very small demand for tanned hides, the total imports probably not exceeding \$10,000 in value per annum. On the other hand, imported footwear is popular, and leather goods such as pocket books, etc., for the tourist trade, are imported to the extent of \$26,000 per annum.

Textiles.—Woollen goods are not in great demand on account of the tropical climate, but silk goods are, more especially silk stockings; imports are valued at about \$80,000 per annum. Cotton goods, as in all the other Central American republics, form the most important item of imports, the total value per annum exceeding \$1,000,000; piece goods account for 70 per cent of this sum, but there are large imports of socks, stockings, shirts, and underwear. Linen is in comparatively small demand, although restricted quantities of drill, handkerchiefs, towels, and clothing enter the country for the high-class trade. Ready-made clothing for both men and women has a ready sale; that for the former coming from the United States, and for the latter from France—a fact which sufficiently indicates the advanced ideas of the more prosperous residents of the cities.

Rubber Goods.—These are imported to the value of about \$430,000 per annum, of which over 85 per cent is represented by automobile tires. Other items, all of insignificant value, are hose, rubberized cloth, heels, clothing, bicycle tires, belting, shoes, and caps.

Paper of various kinds accounts for nearly \$350,000 per annum. The principal demand is for newsprint, which comes from the United States, Norway, Sweden, and Germany. Packing paper, mostly of a cheap kind, comes from Germany, and writing paper from the United States and England. There is a substantial demand for paper bags, which are also provided by the United States. Other kinds of paper are imported to an insignificant value.

Iron and Steel.—The imports are valued at about \$1,000,000 per annum. Among items of interest to Canadian exporters may be mentioned barbed wire (\$40,000), enamelled goods (\$55,000), bedsteads (\$26,000), nails (\$32,000), hardware (46,000), structural steelwork (\$26,000), electric equipment (\$30,000), and tubing (\$50,000).

Machinery, General.—The imports are very small, and the total value, including all varieties, probably does not exceed \$300,000 per annum. Agri-

cultural machinery appears in the statistics to the extent of \$1,082 for the six months ending June 30, 1926, and for the previous six months no imports appear to have taken place: the figures appear to be an accurate reflection of the demand. • Electric machinery accounts for \$55,000 per annum, and office appliances, such as typewriters, adding machines, etc., for \$65,000. Other machinery, such as scales and balances, ice machines, printing plant, drilling sets, and tractors, are also imported, but in no case are the quantities sufficiently large to encourage the Canadian exporter to enter the market.

Automobiles.—The imports for the first half of the year 1926 were valued at \$330,806. The use of the automobile is confined for all practical purposes to the cities of Panama, Ancon, and Balboa at the Pacific entrance to the Canal, and to Colon and Cristobal at the Atlantic. Here the roads are excellent, but there is no automobile road across the Isthmus, and the roads in the interior, although they are being improved, are in few cases practicable for mechanical traction. Nearly the whole of the imports are from the United States; a European car may occasionally be seen, but it is a rarity.

Musical instruments are in demand to the extent of about \$120,000 per annum, of which the ubiquitous phonograph accounts for nearly two-thirds. Pianos account for about \$20,000, and the balance is made up of mandolins, organs, and violins.

In concluding this brief report on the imports of Panama, two quotations from independent sources may be of interest as confirming the opinions given above. The first, taken from *Commerce Monthly*, states that

Imports consist almost exclusively of goods for retail trade. They are in part those of the type required for a comparatively poor and primitive people, and in part for sale to the Canal Zone, to tourists and the crews of ships. Thus such supplies as rice, cotton, piece goods, and cotton prints are largely for Panamanian consumption, but such imports as automobiles and automobile parts and tires are only to a small extent for their use.

Imports which may be called productive—that is, designed for use in connection with manufactures, agriculture, lumbering, and mining—are negligible.

A recent report of the British Acting Consul General at Panama, published by the Department of Overseas Trade, confirms this view by saying:—

In considering the import purchasing power of the country, the following facts should be borne in mind:—

- (1) Of the total imports of \$14,605,962, goods to the value of \$507,000 were re-exported.
- (2) The considerable purchases by tourists and passengers passing through the Canal, which can be classified as one of the principal industries of the country. It is roughly estimated that 90 per cent of the perfumery imported is purchased by visitors in transit; and other articles, such as imported novelties, silk goods, dresses, etc., leave the country in the same manner.
- (3) The proximity of a large American colony, with a high purchasing power, who, notwithstanding the existence of their own commissaries, buy extensively in the republic.

But for these facts, the value of imports would immediately decline considerably, and many businesses would collapse; they also explain why, notwithstanding the excess of imports over exports, the country enjoys a certain modicum of prosperity.

In view of these statements, it may be noted that Canada exports more commodities to Panama than to any other Central American republic, and that these exports have been increasing rapidly during the past few years. This is true even when a suitable allowance is made for the value of the entrepôt trade.

The exports from Canada to Panama have been as follows for the fiscal years ending March 31: 1922, \$178,770; 1923, \$224,501; 1924, \$206,648; 1925, \$295,170; 1926, \$483,449; 1927, \$504,030; and 1928, \$1,124,817. The principal products imported from Canada during the last fiscal year in order of value were: automobiles (passenger), \$314,000; automobiles (freight), \$301,000; condensed milk, \$203,000; wheat flour, \$87,000; dried codfish, \$55,000; potatoes, \$48,000; rubber tires, \$35,000; planks and boards, \$14,500; whisky, \$10,700; and canned salmon, \$9,500.

III

Tariff, Documentation, Representation, and Advertising

The customs tariff of Panama is extremely simple, and is divided into three parts, according to the duties payable, as follows: (1) goods free of duty; (2) goods subject to a 15 per cent ad valorem duty; (3) goods subject to special duties.

Products in the first class include fuel oil, coal, live animals for breeding purposes, vessels, seeds and plants, samples of no commercial value, advertisements, cinematograph films, and raw materials for the manufacture of soap and candles.

In the third class are included liquors, mineral waters, essential oils, live animals for other than breeding purposes, candles, salt, sugar, honey, tobacco, starch, maize, soap, flour, beans, potatoes, onions, milk, alfalfa, petroleum, cement, barbed wire, corn oil, and lumber. All these are charged on gross weight, with the exception of tobacco, which is charged on legal weight.

In the second class are included all goods not included in classes 1 and 3.

There are export taxes on metals, bananas, coconuts, pearls, mother-of-pearl, and tallow.

There are no surcharges on import duties.

DOCUMENTATION

Exporters of merchandise destined to Panama must present the following documents to the consul at the port of exit for certification: six copies of the consular invoice, three of the commercial invoice, and four of the bill of lading.

Consular Invoice.—Forms in accordance with the accompanying sample may be obtained from any Panamanian consul. They must contain the following particulars:—

(1) Names of shipper, consignee, vessel, port of shipment and destination.

(2) Mark, number and kind of packages, quantity, net and gross weights in kilos, capacity in litres, description of merchandise and price or values in detail and total.

When shipments are made c.i.f., f.o.b., or f.a.s., the cost of commissions, packing, insurance, cartage, freight, etc., must be added after the total value, and not included in it. If these expenses are included in the total, the duties will be collected upon these expenses.

The fee for certification of consular invoices is 2 per cent of the value of the merchandise. Certificates must be made out in Spanish. Commercial invoices must contain the name and address of the exporter, date of sale, name of consignee, kind, quantity and description of merchandise, and detailed and total values. They must be certified and signed by the exporter.

If any discounts or allowances are to be made in the price or value of the merchandise, such discounts or allowances must be shown in the body of the invoice.

The invoices must be certified by the exporters. Certification by forwarding agents or representatives will not be accepted. The form of certification is as follows:—

Declaro bajo la gravedad del juramento, con la firma puesta al pié de esta declaración que todos y cada uno de los datos expresados en esta factura, son exactos y verdaderos, y que la suma total declarada es la misma en que se han vendido las mercaderías.

Date.....

Signature.....

(I hereby declare under oath by means of the signature below, that each and every statement made in this invoice is true and correct, and that the total value shown is that for which the merchandise has been sold.)

No fee is charged for the certification of commercial invoices.

The ordinary form of steamer bill of lading is sufficient. For customs purposes they must be made out in the name of the consignee (although for other than customs purposes they may be made out to "order" or "bearer"). The fee for certification is \$1 if the value of the shipment does not exceed \$100; for shipments valued at over \$100 the fee is \$3.

REPRESENTATION

The question of representation in Panama presents certain difficulties to Canadian exporters. In the first place, a large part of the imports are for the use of the Canal Commissaries, the purchasing offices of which are located in New York, Washington, and London. The purchases for the banana industry, at Bocas del Toro, are made from Boston. Goods for the transit trade are not purchased or sold in Panama itself, and the tourist buys articles such as Panama hats (which are made in Peru), silk shawls, and curios of a kind which are not manufactured in Canada. There are practically no imports of raw materials for manufacturing purposes.

Thus the commodities for which Canada is a natural or competitive source of supply are limited. The situation is further complicated by the fact that the country is over-canvassed. It has been stated that Panama is visited by more commercial travellers in a given period than the whole of the rest of Central and South America. This is due to the strategic position of the Canal Zone; a very large proportion of commercial travellers who canvass the Latin American republic must pass through the canal; they see large modern cities at each terminus with every sign of wealth and prosperity, and so compact that they can be visited in a day or two at the most. And there are few who can resist the opportunity for business.

Thus an unusual situation has arisen. A limited market, with few opportunities for expansion, is able to secure competitive prices without effort and purchase goods to greater advantage than is possible in territories of much greater potential value. Under these circumstances, it is apparent that special efforts are necessary to secure a portion of the trade, and it is gratifying to note the success which has already been obtained by Canadian exporters.

With regard to the means of representation, some large exporters have established their own offices in Panama; this applies particularly to foodstuffs and other supplies which are in constant demand on a large scale. Direct buying on the part of retailers (who are kept constantly supplied with catalogues and other literature) is common. Others purchase principally from travelling agents, who pay frequent visits to their clients. There are also a number of commission agents who sell on behalf of their principals in the usual manner.

It would appear that the last-mentioned is the best method of representation for Canadian manufacturers. As a rule, a little difficulty may be anticipated in the selection of a suitable agent, on account of the large number of offers they receive and the limited field of their operations. This, however, should not deter the exporter who really desires to enter the market, and the success of Canadian firms who have already done so is sufficient proof that opportunities exist.

ADVERTISING

Advertising in Panama is largely confined to the four daily and weekly newspapers which circulate on the Isthmus. There are very few sky-signs, and the use of these is confined to local enterprises such as beers, cinema houses, etc; they are, however, coming more and more into use, and when the cost is reduced it is probable that they will form an effective means of propaganda. Posters are seen to a certain extent, but their use is regulated by the local officials. Moving picture theatres display advertisements on the screen during the inter-

vals between the various films, and as this form of entertainment is widely patronized, the method is said to give excellent results. Arrangements can be made for the distribution of handbills either from house to house or in the streets, and the various newspapers will also distribute them by placing them between the folds of the paper.

There are no advertising agents in Panama. Propaganda is usually left to the enterprise of the local agent.

The names of newspapers published in Panama may be obtained on application to the Department of Trade and Commerce, Ottawa.

COMMERCIAL TRAVELLERS' REGULATIONS

There are no restrictions on commercial travellers in the Canal Zone. In the Republic of Panama (including the cities of Panama and Colon) certain municipal taxes are levied, of which details should be obtained locally. The rules in regard to samples follow closely those of the other Central American republics; that is to say, samples of no commercial value are admitted free. If of commercial value, duties must be deposited on arrival, but are refunded on leaving the country if the samples are found intact.

BRITISH HONDURAS

I

General

GEOGRAPHICAL AND HISTORICAL

British Honduras is the name given to that part of Central America which lies on the eastern shore of the Peninsula of Yucatan, facing the Bay of Honduras. It is a British colony, and was formerly known as Belize—a word which is said to be derived from “Wallis”, the name of one of the early settlers. The Spanish, for ever in difficulties with the English “w”, corrupted this into Balize, and later into the form at present used. Old documents dealing with the colony are still extant which refer to the “River Wallis or Belize” as a boundary line.

British Honduras lies between the limits of $18^{\circ} 29'$ and $15^{\circ} 54'$ North latitude, and between $89^{\circ} 9'$ and $88^{\circ} 10'$ West longitude. Its extreme length is about 175 miles, and its maximum width about 70 miles; its area is estimated to be 8,598 square miles, and its population slightly under 50,000. This would give a density of 5.8 per square mile, making British Honduras by far the most sparsely populated country in Central America. It is bounded on the north by Mexico, on the west by Guatemala, and the eastern coast faces the Gulf of Honduras or the Caribbean Sea.

The southern part of the colony is occupied by a detached spur of the Central American Cordilleras, which has an average height of from 2,000 to 3,000 feet, and reaches its culminating point in the Cockscomb range; this occupies approximately the centre of the country. To the north the country becomes more level and gradually descends until it merges into the flat limestone plains of Yucatan. The coastal district is occupied largely by mangrove swamps, which extend a varying distance into the interior, where they give place to a narrow belt of alluvial land, which in turn is succeeded by the so-called “pine ridges”—sandy and arid tracts covered with the red pine from which they derive their name. Still further inland come the “cahoon ridges”, which consist of a rich and fertile soil and are characterized by dense growths of palm and other tropical vegetation. Finally, the higher elevations are reached which consist of the slopes and summits of the mountain ranges of the south or the open savannahs of the north. In general, the country is thickly forested, the dominant type of timber consisting of various kinds of hardwood. Of these, mahogany is the best known, although there are others such as sapodilla and a variety of cedar the commercial possibilities of which have not yet been sufficiently exploited.

Climatically considered, British Honduras lies within the tropics, but the intense heat of the Atlantic Coast is here moderated by frequent breezes, which render the climate agreeable throughout the greater part of the year. The mean temperature on the coast is 80° , ranging from a maximum of 92° to a minimum of 59° , and the average annual rainfall is 75 inches. The more elevated regions are cooler, and it is said they will provide ideal conditions of residence when means of transportation are available. On the whole, there is no doubt that British Honduras forms the most attractive part of the Atlantic coast of Central America, and the claim made by some residents that it will in time rival the West Indies as a holiday resort appears to be justified.

There are some sixteen rivers, two of which, the Rio Hondo and New River, flow northwards into Chetumal Bay. The remainder empty into the Bay of Honduras; among them may be mentioned the Sarstoon, the Deep, Belize, and Sibun. These are all navigable by shallow-draft boats for varying distances and form the principal means of communication with the interior.

To the north of the colony, the coastal waters are shallow and are dotted with numerous coral islands which form a protection for vessels, and render the inshore waters calm at all seasons; at the same time, they increase the difficulty of navigation and approach for all but the smallest vessels. To the south the waters are deep, with good anchorage, but this advantage is cancelled by the lack of any interests which might attract commerce on a substantial scale.

From the historical point of view, British Honduras is of absorbing interest. It contains numerous remains of that vanished civilization of the Mayas, which lasted upwards of a thousand years and then disappeared, abandoning its cities to the jungle and the lizard. At the time of the discovery of America, it was unoccupied save by a few tribes of Carib Indians, and later it became one of the hiding places of those gentlemen-adventurers, the Brethren of the Coast, who for a century and a half ranged up and down the Caribbean Sea harrying the lawful commerce of Spain. The sovereignty of Great Britain was not finally recognized until after the Central American Republics had gained their independence in 1821. After that date all treaties which were signed with the new governments incorporated a provision in regard to British Honduras, and when the convention between the United States and Great Britain was signed in 1850 (which bound both powers not to occupy, fortify, or colonize any part of Central America), the colony was specifically excluded from the provisions of the treaty.

Thus British Honduras developed on lines entirely distinct from the other parts of Central America. During the first half of the nineteenth century it formed an oasis of peace surrounded by turbulent neighbours. It became of commercial importance as the centre of an entrepôt trade, where goods could be received in safety and despatched as occasion offered to the neighbouring republics. This condition lasted until direct communication was established between these republics and Europe, when its importance decreased, and its only industry was the cutting of mahogany which had in course of time taken the place of logwood as an article of export.

For some years later it remained, as it were, in a backwater of commerce. It was not on any main route of travel, and was seldom visited. In 1871 the population of the capital was only 6,000, and of the whole colony fewer than 25,000. Its fertile valleys, its superb scenery, and its agricultural possibilities were forgotten. And it is only within recent years that these have become known again, even to a limited few.

At present efforts are being made to disseminate a wider knowledge of British Honduras to the world at large, and more particularly to Canada, whence it is felt a large share of its future prosperity must be derived. Much work has to be done in the opening up of communications and the exploration of the interior, but a beginning has been made; those most familiar with its attractions of scenery, climate and soil consider that it cannot remain unknown much longer; it can reasonably be hoped that the next ten years will see the establishment of many prosperous agricultural communities, and a rapid increase in the volume of travel to what might become, properly developed, a favourite winter resort, on British soil, for the inhabitants of the Dominion.

GOVERNMENT

The original method of government in British Honduras was the simple one of discussion in open meetings of the free inhabitants, who elected magistrates and a superintendent of the colony. This system existed, with variations, until 1853, when it was succeeded by a Legislative Assembly of twenty-one members, of which eighteen were elected and three nominated. In 1871, British Honduras was given the status of a Crown Colony with a Legislative Council of five official and four nominated members; this was later changed to five official and seven nominated unofficial members, which is the system at

present in force. There is also an Executive Council under the presidency of the Governor, who is assisted by three official and three nominated members.

The unit of currency is the dollar, which has exactly the same value as in Canada. Bank notes of the usual denominations are issued by the Government, together with the customary fractional currency. The issue is backed by a gold reserve deposited in the Treasury. There is no bank of issue; the only bank in British Honduras is a branch of the Royal Bank of Canada.

The total revenue of the colony approximates one million dollars, of which more than one-half is derived from taxes on imports and exports. There is also an excise duty on spirits of local manufacture; income taxes, land taxes, and minor items make up the balance. The average rate of income tax is extremely low, and on an income of \$5,000 would be about \$40 per annum—less than 1 per cent. A small annual revenue of some \$15,000 will also shortly be derived from a legacy left to the colony by a private individual, for use in general development work.

The total public debt in April, 1926, was \$1,298,029, made up as follows:—

1911 4 per cent, for construction of Stann creek railway, etc., outstanding	\$ 568,134
1920 6 per cent, for harbour improvements, etc.	177,600
Advance by crown agents for the colonies	552,295
	<hr/>
	\$1,298,029

This is a very favourable showing, especially as all the moneys which have been expended on account of the loans have been used in public works. It is a matter of frequent discussion whether much larger sums ought not to be raised for the development of the colony, more especially for the opening up of the highly promising areas in the interior. In view of the low taxation, it is considered that British Honduras could bear the cost of service of such loans without difficulty, and it is understood that the proposal is at present under consideration.

COMMUNICATIONS AND CHIEF TOWNS

The most direct means of reaching British Honduras, and probably the most satisfactory, is by the steamers of the Canadian National Steamships, which has a three-weekly service from Montreal (or Halifax during the winter months). The fare is \$250 for the round trip. There is also a monthly service from New York by the United Fruit Company's boats, and the same company has frequent sailings from New Orleans.

In approaching the colony from any part of Central America, information should be secured locally. From Guatemala the best route is via Puerto Barrios (on the Atlantic Coast), whence small schooners sail at frequent intervals to Belize—about a ten-hour journey. From Panama, Costa Rica, Nicaragua, and Honduras there is a fairly frequent but irregular service by the boats of the various companies engaged in the banana trade. The best means of arranging a schedule is to seek the advice of the nearest British Consul, who is invariably ready to assist the traveller.

The chief towns in British Honduras are as follows:—

Belize, with a population of about 14,000, is the capital of the colony and the centre of all business interests. It is on the coast, at the mouth of the Belize river, and on account of the numerous "cays" or coral islands by which it is protected, the waters are always calm. Unfortunately they are also shallow, and this renders lighterage necessary. The city presents a most attractive appearance, being clean, orderly, and well governed. Its chief defect is that it is only one foot above sea level, which renders sanitation and water supply difficult. Hotel accommodation is also deficient, but it is reported that this will be shortly remedied.

Corozal is in the north of the colony, near the Mexican border. It is an outfitting point for the mahogany cutters and chicle gatherers, and would only be visited by commercial travellers under exceptional circumstances. It is reached by motor boat from Belize.

Orange Walk, south of Corozal, is reached by river from Corozal, or by road from Belize (58 miles). It is inhabited by Creoles, Spanish, and native Indians, and is of little importance from a commercial point of view.

El Cayo or *Cayo* is near the border of Guatemala, and may be reached from Belize either by horseback or by motor boats, which make the journey in seven days. It is an outfitting point for the lumber and chicle gangs, and is also the centre of an entrepôt trade with the Peten district of Guatemala.

Benque Viejo is nine miles from El Cayo and within a mile of the Guatemalan frontier. It is connected with El Cayo by a road which is practicable for automobiles, but it would not repay a visit for commercial purposes.

Stann Creek is 35 miles south of Belize, from which it is reached by motor boat. It is the entrance to an area of great fertility, and is looked upon as the coming centre of the agricultural development of the colony. The Stann Creek railway, 25 miles in length, has its tidewater terminus here. It should be visited by all travellers who do not confine their canvassing to the capital.

Other towns of minor importance are Punta-Gorda and Monkey River.

II

Natural Resources and Exports

The original reason for the establishment of the settlement of British Honduras was the cutting and export of logwood, the dark red heartwood of a species of *Leguminosæ*, which was used in the preparation of dyes and writing inks. With the increasing use of aniline colours, this industry gradually declined, and the exports of logwood now form a very unimportant part of the commerce of the colony. The exports fifty years ago were from 14,000 to 15,000 tons annually; in 1925 this had decreased to 600 tons.

The most important item of export is at present, and for many years past has been, mahogany. The mahogany of British Honduras is recognized as the finest obtainable. It has been exported from British Honduras since early in the eighteenth century, and its continued use for two centuries is a testimonial to its exceptional qualities. It is scattered at intervals throughout the forests—one tree to an acre is considered a prolific area—and of recent years has become increasingly difficult to handle, the trees near transportation routes having become exhausted. With the object of preventing depletion, the Government have recently adopted a policy of reforestation, which in the course of time it is hoped will add materially to the value of the colony's chief asset.

Next in importance, from the commercial point of view, is the sapodilla, a tree which produces chicle, the raw material of chewing gum. Owing to wasteful methods of tapping, the extraction of chicle also tended to decline of recent years, and experiments are now being conducted in both the cultivation of the tree and improved methods of tapping.

Among other valuable woods may be mentioned the following:—

Pine is cut for local requirements, but is not exported to any great extent. It is similar in its properties to the long leaf yellow pine of the Southern United States.

Spanish cedar, a tree closely allied to mahogany from the botanical point of view, but softer and more easily worked. It is often used as a substitute for mahogany, and is also in demand for boat-building and veneer work.

Rosewood is little known in foreign countries but is of great value for furniture, and is also used in the manufacture of musical instruments.

Santa Maria is also little known, but is similar to a richly figured mahogany in appearance, and is used to a small extent for veneer work.

Banak and *Yemeri* are also used to a small extent as substitutes for mahogany, but are of little importance commercially. The wood of the sapodilla is also capable of use for cabinet purposes, being extremely hard, durable, and taking a high polish—in fact, it has been used as a substitute for steel in the gear wheels of power plants; as an article of export, however, it has not yet come into its own.

Among natural resources other than timbers may be mentioned:—

Coconuts.—These grow wild, and are also cultivated both on the mainland and on the “cays” or coral islands off the coast. The production is increasing, and it is satisfactory to observe that they have recently formed an item of export to Canada.

Bananas.—The banana plantations, especially in the Stann Creek district, have recently been affected by the “Panama disease” or “banana wilt”. No efficient remedy has yet been found, though private interests are making experiments which it is hoped will lead to the production of a variety that is immune.

Sugar cane grows luxuriously and gives a high yield, in spite of careless and primitive methods of cultivation. Rum is distilled as a by-product, and provides about 10 per cent, by means of an excise tax, to the annual revenue of the Government.

Grapefruit has been grown of recent years, and experiments which have been conducted recently by officials of the British Government indicate that the cultivation of this fruit should form one of the principal sources of wealth to the colony. It is reported that in certain districts both soil and climate are ideally adapted to this purpose, and that the British Honduran grapefruit has already been found to be at least equal to the best on the English market. With the object of assisting growers, the Government are planting seedlings of the choicest varieties, and preventing the introduction of inferior grades. Land is already being taken up with the object of extending cultivation of this crop, and the next ten years should see a great development of the industry.

Other fruits such as oranges, limes, lemons, and pineapples also grow luxuriously, but the production is at present too small for them to be listed as articles of commerce.

Among other items which form articles of export may be mentioned maize, honey, lobsters, turtle, cahoon nuts, copra, sponges and tortoise shell, and shark skins.

EXPORTS

The exports of British Honduras were as follows for the years shown: 1918, \$3,668,657; 1920, \$4,448,809; 1921, \$3,045,459; 1925, \$3,576,018.

The following statement gives details of the principal exports for the year 1925:—

Mahogany	logs	9,400,234	\$1,023,715
Chicle gum	lbs.	334,892	154,875
Coconuts	number	5,785,158	136,651
Bananas	bunches	269,795	99,091
Cedar	f.b.m.	280,850	30,063
Copra	lbs.	676,318	28,751
Mahogany, sawn	f.b.m.	145,192	20,802
Tortoiseshell	lbs.	3,692	19,656
Rock lobsters, canned	cases	3,897	19,947
Plantains	number	1,461,135	16,719
Logwood	tons	609	15,225
Banak wood	f.b.m.	377,920	10,356
Rum	gals.	6,236	6,236
Rosewood	tons	248	5,362
Grapefruit		67,083	2,667
Sundry domestic produce . . . . .		.....	22,974
			<hr/>
Re-exports			\$1,613,090
			<hr/>
Total exports			\$3,576,018

III

Imports*

The import trade of British Honduras presents several features which differentiate it from that of the other Central American countries. In the first place, the chief industry is that of forestry; the population has for centuries devoted itself to the felling of mahogany, and agricultural pursuits are disparaged. Thus a large proportion of elementary foodstuffs continues to be imported in spite of the known fertility of the soil and the possibilities of local production. In the second place, a substantial part of the imports—over 40 per cent—is re-exported; this suggests a prosperous entrepot trade, but a certain portion of the goods so listed are used in supplying the mahogany and chicle camps which operate across the border of Guatemala and Mexico under the control of firms established in British Honduras itself. A third feature worthy of note is the high value of imports per head—over \$90 if all imports are included, or more than \$50 if re-exports are excluded. This compares with \$9 for Guatemala, \$10 for Nicaragua, and \$27 for the prosperous little Republic of Costa Rica; the necessary deduction is, that the purchasing capacity of British Honduras is about double that of the wealthiest of the neighbouring republics—a deduction which observation tends to confirm.

The value of imports was as follows for the years shown: 1918, \$3,565,416; 1919, \$4,695,216; 1920, \$5,876,711; 1921, \$3,343,132; 1922, \$3,290,402; 1923, \$4,036,688; 1924, \$3,894,281; 1925, \$4,515,121; 1926, \$5,065,663; 1927, \$4,534,804.

A noteworthy feature of the above figures is the great increase which has taken place in the export trade of Canada since the preferential tariff came into force, and the establishment of direct steamer service in 1921. Whereas before that year no imports whatever are listed as arriving from the Dominion, the subsequent increase has been as follows: 1921, \$143,700; 1922, \$156,750; 1924, \$430,248; 1925, \$501,000; 1926, \$533,090; 1927, \$599,105; 1928, \$653,824.

In the official Government report on trade for the year 1927, it is stated that "trade with the Empire has shown gradual but steady progress since the inception of the Preferential Tariff and the Agreement with the Dominion of Canada in 1921." From the table hereunder, which gives comparative percentages of Empire and foreign trade during the years 1920 and 1927, it will be observed that the percentage of imports from Empire countries has risen from 17.45 to 30.69—an increase of approximately 75 per cent. On the other hand, exports to Empire countries have fallen from 14.88 to 13.19 per cent of the total.

	Imports		Exports	
	1920	1927	1920	1927
United Kingdom and British possessions	17.45	30.69	14.88	13.19
United States.. . . .	60.44	46.15	78.18	81.72
Other countries	22.11	23.6	6.94	5.09

Coming to the classification of imports under main headings, the following gives details for the years 1925 and 1927:—

	1925	1927
Food, drink and tobacco.. . . .	\$1,646,123	\$1,662,378
Raw or semi-manufactured materials	768,702	943,969
Manufactured articles	2,071,768	1,883,460
Sundry	28,528	7,269
Bullion and specie . . . . .	.....	37,728
	\$4,515,121	\$4,534,805

* A detailed report by Mr. James Cormack (at that time Trade Commissioner in Jamaica, and now in Cuba) on "Trading with British Honduras" was published in the *Commercial Intelligence Journal* Nos. 1133-1136, (October 17 to November 7, 1925, inclusive). Certain portions of this have been incorporated in the following analysis of the colony's import trade, due acknowledgments being made to Mr. Cormack. A report on "The Flour Requirements of British Honduras," by Mr. G. R. Stevens, now Trade Commissioner in Lima, Peru, was published in *Commercial Intelligence Journal* No. 1036 (December 8, 1923).

No detailed analysis of figures is available since 1925, but the changes are so slight since then that values for that year still form a very accurate guide to the position of the demand for any particular commodity.

FOOD, DRINK AND TOBACCO

Taking then the year 1925 as a basis, imports of food, drink and tobacco were valued at \$1,646,123, the principal items being as follows:—

Flour	\$264,977	Lard	\$60,117
Preserved milk.	173,215	Butter.	52,101
Pork, mess.	127,095	Pork, other than mess	50,116
Sugar	73,451	Confectionery	45,756
Cattle	70,687	Bacon and hams	46,835
Rice	70,732	Vegetables	42,730
Tobacco	71,062	Tea.	27,821
Beans and peas	65,566		

Flour.—The greater part of the demand comes from the mahogany and chicle camps in the interior; there is a limited sale for household purposes, but it is of no importance comparatively. Canada secures about one-half of the trade. The flour required for the camps is what is known as "ration" flour—a term which sufficiently describes its use. It was until recent years a fairly low grade of soft wheat flour from the Southern States, but white in colour, and of good keeping qualities. When Canadian firms first endeavoured to compete, some five years ago, it was discovered that her product was wanting in keeping qualities, but the defect has now been remedied. It is essential, however, for exporters who desire to enter the market to bear in mind that good keeping qualities are a most essential factor in British Honduras trade, and no flour can secure a market which does not come up to the requirements in this respect. The climate is hot and humid, and transportation is by water, up difficult rivers, and preferably at times of high water, in the rainy season. Shipments may thus lie at Belize for months before being conveyed to the camps; they may then lie in the camps for weeks, being issued as required, and even when issued may not be used at once. Thus six months, or possibly more, may elapse between arrival at the port and final use, and during the whole of this period the flour is subject to severe climatic conditions. Packing is in barrels and half barrels, the latter possibly being more popular on account of ease in handling. For household use, however, sacks are used to a certain extent. During 1925 the imports from Canada were 12,294 barrels, as compared with 13,423 barrels from the United States.

Preserved Milk.—Of the total imports, 85 per cent comes from Canada. The quantity consumed—about 20,000 cases per annum—may seem large in comparison to the population, but is explained by the difficulty of securing fresh milk, which in some parts of the country is quite unobtainable. The greater part of the demand is for sweetened milk, which accounts for over 80 per cent of the imports.

Pork, Mess.—This is imported in barrels, and is required for ration purposes in the mahogany and chicle camps. In 1922 not a single barrel arrived from Canada, and in 1925 one-third of the total was with the Dominion but the proportion has since declined. The total requirements are about 3,000 barrels per annum.

Sugar.—Although the colony is capable of growing the whole of her own requirements, there are substantial imports, and this will continue until the areas suitable for the cultivation of the cane are much extended, and the establishment of refineries undertaken as in the case of El Salvador, Nicaragua, and other countries. At present the imports of refined sugar cane wholly come from Canada; this constitutes three-quarters of the total, the remaining quarter consisting of raw sugar imported from Guatemala, and, to a smaller extent, from Jamaica.

Cattle.—These are required for slaughtering purposes. Imports in 1925 were 1,675 head. They are imported entirely from the neighbouring republics of Honduras, Guatemala and Nicaragua; comparatively few are produced locally. It is stated that the supplies of fresh beef are unsatisfactory, the quality being inferior; there appears to be a good opportunity for a Canadian packing house to make regular shipments of beef, under refrigeration, to British Honduras; if the quality were satisfactory, price would be a secondary consideration.

Rice.—This is a commodity in which Canada cannot compete. The total requirements amount to about 900 tons per annum, and are supplied by India and Burma.

Tobacco.—The big demand is for the ordinary "Virginian" cigarette, which is supplied practically wholly by Great Britain; most of the well-known brands are in the market. Canada has supplied a few hundred dollars' worth during the past two years, but does not yet seem to have made any real impression. There is only a very limited demand for cigars; the value imported is less than \$3,000 per annum, and these come principally from Mexico, which manufactures a cigar of creditably good flavour at a low price.

Beans and Peas.—Practically the whole of the requirements of the colony come from the United States. It is difficult for the Dominion to compete.

Lard.—The trade, worth from \$50,000 to \$60,000 per annum, appears to be almost a monopoly of United States houses; only about 10 per cent of the imports are from Canada. It would appear that there is some special process by which lards can be made immune from the influence of a tropical climate for a protracted period of time, and this is what is required. The tariff is 5 per cent preferential and 10 per cent general ad valorem.

Butter.—Practically no butter is produced locally. The import trade is worth about \$60,000 per annum, between 15 and 20 per cent being supplied by Canada. The principal source of supply is the United States.

Confectionery.—The imports, in proportion to the population, are surprisingly large, amounting to about \$45,000 per annum. The trade is fairly equally divided between Great Britain and the United States; one well-known British firm appears to produce the most popular varieties. Canadian firms have made some small effort to enter the market, which does not appear to have met with the success due to the quality of their products. There are many manufacturers of milk chocolates in the Dominion whose products appear worthy in all respects to compete with present sources of supply, and these, properly packed with a view to protection against the climate, should command a ready sale. There is a substantial preference (10 per cent as against a general tariff of 20 per cent ad valorem) on Canadian confectionery, and this should form an additional incentive to market in this colony.

Bacon and Hams.—The trade is a practical monopoly of the United States. In British Honduras, as in other parts of Central America, Canada does not appear able to compete. If efforts were made to enter the market, the necessities of protection against a tropical climate should be borne in mind.

Vegetables.—British Honduras is not such a large consumer of vegetables as is usual in tropical countries. Certain kinds are grown locally in small truck gardens on the borders of the river, and these enjoy a ready sale on a somewhat limited scale. The largest demand for imported vegetables is for onions and potatoes. The latter are reported to be shipped in small lots from the Southern United States at frequent intervals, the total demand having a value of from \$13,000 to \$15,000 per annum. The value of onions is somewhat less. In view of the possibility of direct shipment from Canada, it would

appear to be worth while making the experiment of sending a small shipment of potatoes on consignment with the idea of testing out the market; there is, however, no tariff preference, fresh vegetables entering the colony free of duty from all countries. Shipment of potatoes is made in 50-pound crates; no particular variety is preferred, but it is essential that they should be clean; size is average, neither too large nor too small, but they must be graded, and packed so that they arrive in first-class condition. Competition with present sources of supply does not appear possible so far as onions are concerned. Cabbages, cauliflowers, lettuce, beets and carrots are all required in small quantities, and it is possible that the Dominion would be in a position to supply these at certain seasons of the year.

Tea.—The trade is worth from \$25,000 to \$30,000 per annum, and is supplied principally from Ceylon and Great Britain. A well-known brand of Canadian tea is also on the market.

RAW OR SEMI-MANUFACTURED MATERIALS

Imports under the above heading for the year 1925 were valued at \$768,702, the principal items being as follows: chicle gum, \$421,535; gasoline, \$100,279; kerosene, \$67,189; mahogany, \$68,840; lumber, \$55,652.

The imports of chicle and mahogany represents receipts from Mexico and Guatemala, which are merely reshipped at Belize and appear in the trade returns as part of the exports. Gasoline and kerosene are received from the United States and Mexico; a well-known Mexican petroleum company of British origin has effective representation in British Honduras.

Lumber comes partly from the Southern States, owing to facilities of shipment from New Orleans, but small quantities are also imported from Canada. It is possible that Douglas fir would command a ready sale if its good qualities were better known. In general, it is estimated that the total receipts are 1,000,000 feet board measure a year, purchased in single lots which vary in size from 50,000 to 100,000 feet; there are, however, difficulties of transport to overcome, as it is claimed that lumber from the Pacific Coast would have to be transhipped at either Jamaica or the Bermudas. The sizes of lumber most in demand are: square timber from 2 by 2 to 8 by 8; boards, 1 by 3 up to 1 by 12; flooring, 1½ by 6; double-dressed ceiling, 1 by 6; rustic, 1 by 6 and 1 by 8; "rabbit" boards, 1 by 10; weather boarding, ½ by 6—all in inches.

MANUFACTURED ARTICLES

The value of the manufactured articles imported into British Honduras in 1925 was \$2,071,768, the following being the principal items:—

Cotton and silk piece goods ..	\$336,721	Paints and varnishes	\$ 32,312
Wearing apparel	163,335	Arms and ammunition	32,150
Boots and shoes	147,429	Implements and tools	31,127
Tractors and parts	145,500	Rolling stock	30,703
Haberdashery and millinery ..	137,119	Cordage, rope and twine .. .	29,193
Hardware	99,873	Automobiles	29,241
Machinery	99,317	Woollens	28,818
Medicines	76,866	Stationery	23,032
Soap	71,577	Paper	22,081
Hats, caps, and bonnets .. .	50,197	Bags and sacks	20,349
Perfumery	36,136	Iron roofing, etc.	20,326
Mahogany trucks and parts ..	38,741	Sundry	369,625

Cotton and Silk Piece Goods.—The imports are surprisingly large in view of the small population, and the quality in demand is much higher, in many cases, than might be expected. The following information is abstracted from a report on this subject which appeared in *Commercial Intelligence Journal* No. 1135 (October 31, 1925):—

There is a good trade in mercerized cotton—mostly striped—in pieces 36 inches wide and 50 to 60 yards long, and sold at about 1s. 6d. first cost. Coloured casement (locally called Indian Head) in 36-inch widths costs about 8½d. per yard. Ripplette or crinkle crepe

is bought at 17 cents per yard first cost. Flannelette in all colours is a good seller at a price of 12½ cents per yard for 29-inch width and 17 cents for 36-inch. White cotton and flannelette blankets with coloured borders, size 66 by 80 inches, weighing 3½ pounds to the pair and costing about \$2 per pair first cost, sell well. There are no linen half towels to be seen, but plenty of bath towels from 18 by 28 inches up to 36 by 72 inches are sold. There is a trade for cotton sheeting, bleached and unbleached, twilled and plain, 72- and 90-inch widths, costing from 2s. to 2s. 6d. per yard in England. There is a fair trade in light tweeds and homespuns, light in colour and not heavier than from 6 to 10 ounces. Ticking for mattresses, about 60 inches wide, is in demand as is hammock cloth 72 inches wide. There is a very good sale for brown cotton to be made into cheap underclothing, which costs about 8 to 11 cents per yard. The silk ribbon trade is a good one.

Wearing Apparel.—The report previously mentioned (October 17, 1925) says:—

There is a fair sale for ladies' knit vests, some of which are imported from the Dominion. For men, a short-sleeved cotton knit undershirt sells best. A well-known American brand which is bought for \$4.60 per dozen first cost is most popular. There is some sale for fleece-lined stockinette underwear for men, which costs \$7.10 per dozen in the United States factory. Care will have to be taken with Canadian products to ensure that they do not shrink. There is a good trade in cotton, lisle, silk, and woollen hosiery. Canadian ladies' silk hosiery was stated to have a fine appearance, but was regarded as somewhat deficient in wearing qualities. There is a small trade in ladies' and gents' bathing suits, but a large part of this business is done by mail order direct. There is a good sale for umbrellas, either steel or wood framed, but these must be very large with at least sixteen ribs; they are now obtained from the United Kingdom and the United States. In men's shirts the only style which sells is the coat shirt, that in largest demand costing from \$10.50 to \$15 per dozen. There is a good sale also for blue denim overalls of a cool type without coats, the first cost of which at United States factories is about \$1.25 each. Hats and caps and "straws" are mostly from the United States and England, and sell well. Italy supplies most of the soft felt hats. There is no trade in semi-ready suits, although some light-weight cloth trousers are in stock. There is but a small turnover in corsets. Ladies' ready-made house dresses retail at not more than \$2 each to command any worthwhile sale. There is still a large trade in merino shawls, mostly black, especially amongst the southern inhabitants; but hats are gradually displacing them as headgear. There is also some trade for scarves (not knit) of crepe de chine and other silks. In men's neckwear the demand is largely for soft collars, or those attached to the shirt. Generally speaking, the market calls for cheap lines, but it is significant to note that the former predominating demand for American prints is fast yielding place to better-quality materials for ladies' dresswear. Attractive display in the banding, boxing, packing, marking, and finish of personal furnishings adds greatly to their selling power. Haberdashery goods with metal parts are usually enclosed in waxed paper envelopes to prevent them from tarnishing, as the air of British Honduras is very corrosive. There is a good sale for the combs, clasps, and barettes suitable for the present vogue of bobbed hair. French goods in celluloid or imitation tortoiseshell are extensively stocked.

Boots and Shoes.—The report previously referred to contains the following information:—

The wide variety seen in the stores were practically all American in style and the majority were of a distinctly dressy type. Only one Canadian make was seen; the only criticism of it was that it was slightly too expensive to sell well. In men's footwear ankle boots predominate, but low shoes are most popular with women. Men's leather shoes of medium quality with crepe rubber soles are good sellers. As a rule all men's footwear is equipped with half rubber heels. For logging, a locally made rough moccasin is worn, quite unlike the Canadian type, having no heels, but a hard leather solid sole. These cost the stores \$1.75 per pair. There is a fair demand for the heavy leather calf-high type of boot suitable for forest workers. They should be waterproof or constructed to stand up well in sodden ground. In ladies' wear, apart from the usual lines of dressy kid shoes, white canvas footwear, strapped, in American styles, with light leather soles, a medium high heel, and costing (first cost) from \$1.50 to \$2, commands the readiest sale. Children's shoes consist largely of light rubber-soled canvas footwear with single cross-strap. Rubber-soled shoes are almost entirely Canadian in origin and are in good demand. These shoes, although originally looked upon as an outing or sports shoe, are light and comfortable and have partly displaced the slipper and other footwear as used by the impoverished native.

Tractors and Parts.—Forty-four tractors were imported during the year 1925, all of which came from the United States. They are required for use in logging mahogany, and as the business is of a somewhat specialized nature, it does not appear that Canada is in a position to compete.

Haberdashery and Millinery.—The remarks under the heading of "wearing apparel" above apply to this item.

Hardware.—The item consists of cash registers, adding machines, typewriters, casket hardware, and house, office and store furniture of metal. The three first-named come from the United States, which is also the largest single source of supply for most of the ordinary kinds of shelf hardware. In contrast to the other parts of Central America, Germany does not appear to have made any impression on the trade, but Canada's share is rapidly increasing, having risen from a value of \$272 in 1922 to \$4,904 in 1925 and \$8,672 in 1927. It is claimed that Canada could increase her proportion considerably if travellers from the Dominion would pay more frequent visits to the colony, and this is more especially the case as the tariff gives a substantial preference (10 per cent as against 20 per cent ad valorem) to goods of Canadian origin. It was stated by one importer that if a Canadian commercial traveller in hardware supplies would pay regular visits to British Honduras he would not go away with empty hands; the quality of the shelf hardware manufactured in the Dominion is considered satisfactory, and experience has shown that prices are competitive.

Machinery.—There is little demand for agricultural machinery, owing to the fact that there are no large ranches or estates engaged in the production of such crops as require its use; there are, however, prospects that within the next few years large areas of land will be cleared for the planting of fruit and other agricultural products, and this should produce a demand for ploughs and harrows. There does not appear to be any chance for seeders, threshers, or harvesting machinery, as there is little likelihood of any extensive cultivation of grain crops in the near future. A certain amount of electric lighting machinery is imported, but the trade does not appear to be of sufficient volume to make Canadian competition worth while at present; proposals are, however, being considered to reconstruct certain electric lighting plants, which are under Government control, and the situation in this respect is worth watching. Marine engines are in demand for use in the motor boats by which a large part of the transportation of the colony is carried on, and it is possible that some of the manufacturers in the Eastern Provinces of Canada, who have had wide experience of the requirements, would be able to secure a fair market for their products in British Honduras. There is little demand for saw-mill machinery, but one of the mahogany companies operates on a somewhat antiquated saw-mill at Belize, which it is proposed to improve as soon as its utility has been definitely established; this company appears to provide the only likely market in the near future. The only other item of machinery imported to any great extent is sewing machines, in which Canada cannot compete.

Medicines.—In proportion to the population, the demand for medicines appears to be very high, amounting as it does to a sum of about \$1.40 per head per annum, as compared with 20 cents in Guatemala. Quinine is in demand as a specific for malaria, and a number of more popular proprietary medicines of United States and British origin are seen in all drug stores. Canadian firms also have a substantial share of this latter trade, which depends for its success largely on effective advertising.

Soap.—The trade is shared principally by the United States and Great Britain: Holland and Canada supply small quantities. The greatest sale is for the ordinary laundry and toilet varieties, perfumed and medicated soaps being in comparatively small demand.

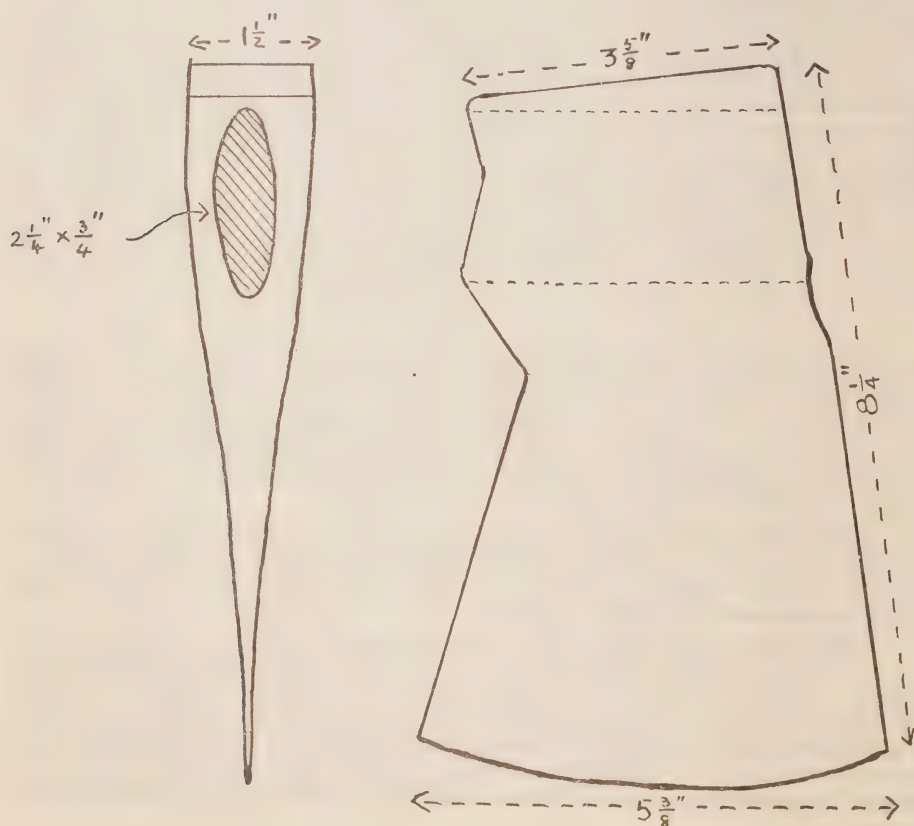
Hats, Caps, and Bonnets.—The largest demand—and almost the universal wear among the white population—is for the sun helmet, pith helmet or sola topee; this is an article in which Canada cannot compete. Among workers in the mahogany and chicle camps, and also in the districts outside of the cities, a rough straw hat is popular. There is a comparatively small demand for the ordinary felt hat, but it may occasionally be seen, and it is possible that a sale might be secured for such a hat of Canadian manufacture if properly introduced.

Perfumery.—This is another item in which the demand appears to be out of all proportion to the population, amounting as it does to about 70 cents per head per annum. The trade is divided fairly equally between France and the United States. It does not appear that Canadian firms could compete with any hope of success.

Mahogany Trucks and Parts.—This, as its name indicates, represents imports for a special purpose. The whole of the supplies come from the United States.

Paints and Varnishes.—The greater part of the imports come from Great Britain, one well-known brand supplying probably 75 per cent of the requirements of the colony. The United States has probably 15 per cent of the trade, and a satisfactory enamel comes from Holland in small quantities. In view of the high quality of Canadian paints, and the satisfaction which they have given in neighbouring countries, there seems no reason why they should not secure a larger share of the trade than the 2 per cent which they at present obtain.

Implements and Tools.—The United States is the principal source of supply, but the United Kingdom does a substantial trade, more especially where quality is the first consideration. The *machete* is, as in other parts of Central America, a popular implement, and is used for a great variety of purposes, from cutting brushwood to tilling the soil; Canada can hardly hope to compete with Great Britain in the supply of machetes, as the requirements of each country (and even of each district) differ—the study of this one tool in its various forms would occupy several months. It may be mentioned, however, that in British



Honduras the "M 130", manufactured in Birmingham (England) is most popular, and the "180 A", which is in demand in other places, is not liked. There is a large demand for axes, which formerly came from the United States; these have recently lost ground, and the imports now come from England and Germany; these axes appear to be a commodity in which the Dominion could readily compete. The axe preferred by the mahogany cutters—and in fact the only axe they will use—is 5 pounds in weight, flat backed, and must be *exactly* of the following dimensions:—

Agricultural tools are in little demand on account of the undeveloped state of this industry, but there is a sale for tools used in forestry and road-making such as picks and shovels. Mechanics' tools are similar to those in general use, and there would appear to be possibilities for Canadian competition here also.

Arms and Ammunition.—Imports are subject to restrictions; in 1925 some 2,000 shot-guns were imported and a fair proportion of the ammunition was provided from Canada.

Rolling Stock.—There is only one railway in British Honduras, some 35 miles long, extending into the interior from Stann Creek. It is under Government control, and is somewhat antiquated both in equipment and operation. The present demand for rolling stock is met by the United States.

Cordage, Rope, and Twine.—The supplies come principally from the United Kingdom, although Canada and the United States have a small share of the trade.

Automobiles.—At present there are about two hundred cars in the whole of British Honduras, the number having increased by 100 per cent in the last three years. These figures may appear small in proportion to the population, and are in actual fact small in proportion to its obvious wealth, but the explanation is found in the paucity of highways; with the opening up of roads to the interior there is no doubt that the demand for the automobile will more than keep pace with the facilities provided for their use. It is stated that two makes of automobiles—one in the low-price class and the other in the medium-price class—are invariably purchased from Canada, and that the former is the most popular make in the colony. Complaints are made, however, that these cars are not shipped on steamers sailing direct from Canadian ports, and this fact, for purely sentimental reasons, has been a factor in restricting the number sold.

Paper.—There is a small demand for playing cards; 1,800 packs were imported during 1925. These come from France, the United States, and Great Britain, but there appears to be no reason why Canada should not compete, the tariff preference amounting to 10 cents per pack (15 cents preferential as against 25 cents general). With regard to newsprint, the total demand does not exceed \$4,000 per annum. Newspapers are not printed on rotary machines, and the demand is for cut sheets 22½ by 32 inches; the largest newspaper in Belize—published weekly—uses ninety reams a quarter, and its rival somewhat less; supplies now come from Canada, although three years ago nothing was received from the Dominion. The Government is also a user of paper of Canadian manufacture.

There is a small demand for wallpaper, boxed stationery, wrapping paper and paper bags, and also for ruled ledger papers in the loose leaf form.

Bags and Sacks.—The majority of these come from the United Kingdom, and are of a kind not manufactured in the Dominion. Canada, however, provides cotton bags, and is rapidly replacing the United States as a source of supply.

Iron Roofing, etc.—There is a substantial demand for galvanized iron for roofing purposes, but this is not manufactured in Canada. Supplies are almost wholly drawn from Great Britain.

Sundry.—Among minor items may be mentioned travelling bags and trunks, shoe polish, brushes, buckets, candles, cement, china and glassware, clocks and watches, cutlery, lamps, rubber goods, jewellery, matches, musical instruments, plated ware, saddlery, toys, and umbrellas.

IV

Tariff, Documentation, and Representation

TARIFF

The tariff of British Honduras is, generally speaking, based on ad valorem duties, although there are numerous exceptions. It is also a "two column" tariff, substantial preferences being given to "goods the growth, produce or manufacture of any parts of the British Empire". This preference usually amounts to one-half; i.e., when the general duty is 20 per cent ad valorem, the preference duty is 10 per cent. In many cases, however, the preference is much greater; for instance, explosives, sacks, and bags enter duty free under the preferential tariff, but are dutiable at 10 per cent ad valorem under the general tariff. Bricks; tiles; dried, etc., fish; barbed wire fencing; rafting chains; unskimmed preserved milk; stones and slates enter duty free under the preferential tariff, the general tariff being 5 per cent; cement and lime also enter duty free under the preferential tariff, but are charged 20 per cent under the general tariff; flour is free under the preferential tariff, the duty under the general tariff being \$1 per barrel.

There is an extensive list of exemptions from duty, among those of interest to Canadian exporters being live animals; rolling stock; carts and wagons; fresh fish; fresh fruits; agricultural implements; scientific instruments; agricultural, mining, electric, marine, and other machinery; certain fresh vegetables; insecticides; fertilizers; seeds; vessels; and aircraft.

The list of prohibited imports includes, in addition to the usual items, daggers; tobacco extracts (except for industrial or horticultural use); adulterated milk; and Japanese shaving brushes.

There are export taxes upon mahogany, logwood, chicle, coconuts, malt, liquors and spirits.

DOCUMENTATION

British Honduras has adopted the abbreviated Imperial Customs Conference form of invoice and combined certificate of value and of origin. The form and text of this document has been issued by the Department of Trade and Commerce, Ottawa, as Leaflet 41A, and a copy may be obtained on application to the Department.

For customs purposes, one original invoice with accompanying certificate of value and of origin is required, but as a rule three copies of the document are supplied to the purchaser. Instructions on this point usually accompany the order. The prescribed form of invoice and certificates may be printed on the exporting firm's invoicing paper, providing that the necessary British Honduras requirements are included.

The duties, if ad valorem, are based upon the values shown on the invoice, which should in turn be based upon prices f.o.b. factory. If there are any extra charges payable by the purchaser, such as packing, freight, etc., these should be shown separately, otherwise (i.e. if included in the price) the ad valorem duty will have to be paid on these items also. The word "packing" should not be used on invoices—this suggests labour at the factory, which enters into the cost of the goods; if the words "cost of cases" is used instead, no duty is likely to

be charged on that particular item. Similarly, when showing discounts on the invoice, do not use the words "cash discount"; simply say "discount" or "less per cent."

In any case, there are no fines imposed unless there is an obvious attempt to defraud the customs, and every effort is made to effect clearance in the simplest and most expeditious manner possible.

With regard to parcels post, the following "short form of certificate" is acceptable, provided the contents are not merchandise for sale and do not exceed \$50 in value:—

The contents of this package are not merchandise for sale, and every article herein to the extent of at least one-fourth of its present value is bona fide the produce or manufacture of Canada.

Dated at..... this..... day of....., 192..

Sender.

REPRESENTATION

Methods of representation of foreign exporters are not so widely differentiated in British Honduras as in some of the other countries of Central America, neither has any definite system yet developed in regard to the manner in which the importers and retailers secure their supplies.

Briefly, there are a number—probably not more than a dozen in all—of high-class merchants in Belize, who combine the functions of direct importers, wholesalers, and retailers, and may also, if opportunity offers, sell on commission. These firms are of undoubted reliability and their commercial standing is beyond question; they may have correspondents abroad who act as buying agents for them, but they are also willing to act as local representatives of foreign exporters provided they have a monopoly of the rights of sale. They thus act as direct importers and wholesalers, and in this capacity sell to retailers throughout the country; but they also have their own retail stores through which they sell to the general public; in addition, they sell to the mahogany and chicle companies, although these latter also may purchase direct. Thus their activities cover practically the whole of the buying and selling of the colony.

In addition to these firms, there are also a number of commission agents, who do not attempt to keep stocks, but sell to the importers and wholesalers on the usual percentage arrangement. The direct importers are willing to buy through these commission agents when it suits their convenience to do so, and there does not appear to be the same rivalry between them as exists in other countries.

A third method of purchase is by correspondence, although this is not so satisfactory as the two above named.

Still another method, and one that should be more widely adopted by Canadian firms, is by means of travelling salesmen. This is extremely effective in British Honduras; personal contact is desired; the local merchant is anxious to meet visitors from Canada, and will even go out of his way to make their visits profitable. In fact, some years ago special provision was made for the reception of Canadian commercial travellers, in the expectation that an influx of them would occur following the West Indies Trade Agreement, but the results were disappointing. On the other hand, travellers from New Orleans—three days' journey away—are very frequent visitors, and on account of their energy and adaptability are able to secure orders which merchants would be prepared to place with Canadian houses if only the opportunity to do so were given them.

It should be noted, however, that it is desirable for such travellers to confine their visits to the large wholesalers only—they should not call upon that part of the retail trade which does not make a practice of making direct imports.

There are two reasons for this: in the first place, the retailer referred to has not the financial standing of the dozen or so large houses which are accustomed to importing direct; and in the second, these small retailers are accustomed to buying through the wholesalers—they are content to do so, and any attempt to sell direct to them naturally interferes with the wholesalers' business, which would cause a resentment. The volume of sales in either case would be the same, and it is inadvisable for the commercial traveller to interfere with the system which is already established.

It is therefore recommended that the exporter first of all place his representation in the hands of a commission agent or wholesaler, but he should supplement this method by paying visits to the colony as often as possible, in order to meet his buyers personally.

With regard to terms of payment, it must not be expected that importers will put up irrevocable letters of credit, neither are sight drafts likely to be accepted. Credit will usually be required, but on the other hand, little doubt need be felt in regard to security of payment. The merchants are conservative in their outlook—they take a personal pride in their commercial standing, and it is rare to find them defaulting in their obligations. Further, they may have funds abroad—in New York, Montreal, or London—with which to pay for their foreign purchases, and in this case they would probably wish to buy on open account, making remittances on arrival and clearance of the goods. In general, the exporter would be well advised to be guided in this matter by bankers, who can provide information in regard to credit ratings; if the reports are satisfactory, the custom of the colony should be adhered to.

A further point to be borne in mind in this connection is that the principal competitors of Canadian houses grant extended terms of credit—usually sixty days—and these terms must be met to a reasonable degree if competition is to be made effective.

COMMERCIAL TRAVELLERS' REGULATIONS

Commercial travellers pay a tax of \$50 on entering the country; this is good for a year, and enables them to travel throughout the country without let or hindrance.

Patterns and samples for trade purposes are admitted free of duty provided the Collector of Customs is satisfied that they are not for sale. In the contrary case, duty is collected on admission, but a refund is made on leaving on all such samples as accompany the traveller. No duty is charged on catalogues, advertising matter, and circulars.

V

Advertising; Trade Marks; Cost of Living

ADVERTISING

There are two principal methods of advertising in British Honduras. The first, susceptible of continuous use, is by newspaper propaganda. There are two weekly newspapers in Belize, and both of them contain an exceptional volume of advertising—in fact, it would almost appear that these advertisements cover every commodity which can be bought in the colony. Rates for advertising space are reasonable, and the large importers would appear to vie with each other in their efforts to make the most effective claims for their goods. In this aspect, British Honduras differs materially from the other Central American countries, where advertisements are largely confined to patent medicines and local interests.

The names of the newspapers mentioned above may be secured on application.

The second method of advertising is by means of "dodgers" and handbills, which may be either delivered by mail or distributed by hand. This is a most effective means of drawing attention to special sales, or the arrival of a shipment of goods for which there is an exceptional demand, but it is not so applicable to the goods of a foreign exporter, who cannot know the psychological moment when the method is most likely to bring results.

There is practically no poster advertising, and electric sky signs are unknown. Counter display cards are said to be effective when used, as also are enamel signs placed outside the stores. Another effective means of propaganda is through the moving picture theatres, which are well patronized by all classes; charges are reasonable and average \$10 a month for each slide.

In all cases details should be left to the discretion of the local agent.

REGISTRATION OF TRADE MARKS

It is desirable to register trade marks, but this precaution is not so essential in British Honduras as in other countries, as efforts at piracy are almost unknown. In any case, the requirements are simple; an electrotype is required, and the trade mark itself is published, together with the application, in the Government gazette, and in one local paper. The details are best left to the local agent, who can do everything necessary at a cost of about \$6. The services of a lawyer or patent attorney are not required.

COST OF LIVING

The cost of living in British Honduras is low in comparison with that of Canada, and much lower in comparison with that of most of the contiguous countries. This is partly due to the fact that taxation is low: the service of the public debt is by no means burdensome. Import duties are also low.

In general, hotel charges are reasonable, and amount to \$2.50 a day inclusive of room and board; on the other hand, accommodation is admittedly inferior. If a longer residence in the capital is contemplated, it is customary to live in a boarding house, the cost of which is \$60 a month. Permanent residents usually occupy their own houses; the best in the capital rent from \$45 to \$60 a month, and these may have extensive grounds.

Clothing is also reasonable in price; the material for a white duck suit—almost the universal wear—costs \$26 for the suit. Ready-made suits cost about \$10 each.

Food supplies are somewhat inferior in quality, especially meats. Vegetables are scarce, on account of the local tendency to neglect agriculture in favour of forestry, but excellent fresh fruits may be obtained, such as pineapples and grapefruit.

Social conditions are excellent, and there are golf, tennis, polo, cricket, and football clubs, to which visitors are generally welcome.

TRAVEL AND EQUIPMENT FOR TRAVEL IN CENTRAL AMERICA

One of the best means of securing the trade of the Central American, as of other, countries is by personal visits to the buyers. There are seven of these countries, and conditions differ in each of them. Experience has shown that advance information is extremely difficult to obtain, more especially in regard to the best routes, expenses of travel, and necessary equipment.

The best time to visit Central America is between the months of November and April. This period is in the majority of areas the dry season, and it is also the period of least heat. Rain may be experienced from time to time, but the heavy tropical storms, and the impassable roads of the wet season, are not likely to be encountered.

Before starting on the journey it is necessary to secure a passport, and it is advisable to have this visé by the consular representatives of the various countries before leaving Canada. If this is not done, visas may be secured in each country before passing on to the next; this latter method, however, is likely to involve considerable delay, and a little time devoted to this matter at the outset will prove to have been well expended.

It is also necessary to secure a certificate of vaccination, which is required before permission to enter certain Central American republics is granted. This certificate is accepted if signed by any reputable doctor, although it may be necessary to have it also legalized by some responsible Canadian official. It is necessary to present this certificate to the consular representatives before the visa is granted; and it is customary to paste it in the back of the passport itself. If the traveller has not been vaccinated within the previous two years, he must have this done before the certificate will be accepted.

The question of equipment is worthy of more than casual attention. As a general rule, heavy individual pieces of baggage should not be carried; two or three suitcases are far better than a wardrobe or steamer trunk. The possibility of journeys by mule back, or if fortunate by aeroplane, makes the use of these latter impossible, and involves repacking, or even leaving a portion of the equipment behind.

The most suitable clothing is either two or three light-weight suits of the "Palm Beach" type, or better still, half a dozen suits of white duck; these latter may be purchased anywhere in Central America at a low price, and if carried, need not necessarily be obtained in Canada before leaving. A supply of thin cotton shirts, soft collars, and about a dozen light cotton union suits for underwear are essential. At least one ordinary worsted or serge suit, and one suit of woollen underwear, will be required for use in Guatemala City, San José (Costa Rica), and other places situated at a high altitude; a light overcoat is also desirable for the same purpose.

For rough travelling, thin khaki breeches and shirt are best. Leggings and ankle boots are better than field boots, being lighter and more easily packed.

A Panama hat is the most suitable headgear, but a soft felt hat should also be taken for use in high altitudes. A travelling cap is also useful. In certain parts a sun helmet or sola topee is useful, but this may be purchased locally.

Thin cotton socks and pyjamas are better than wool; the latter is too hot for the greater portion of the journey. A light cotton dressing gown is also essential; shower baths are a frequent necessity, and the bathrooms in the hotels are often situated at some distance from the sleeping quarters. Moreover, there is in many cases no accommodation for dressing in the bathrooms themselves.

Funds should be carried in the form of travellers' cheques, which may be negotiated without difficulty practically anywhere in the various capitals. These are better than letters of credit, which necessitate calling at banks at possibly inconvenient hours. The cheques are most conveniently and safely carried in a light money belt, which could also be used for a liberal supply of local currency when making trips into interior points.

There is no need to carry weapons of any kind, and in fact these are better avoided.

The remainder of the equipment may be in accordance with personal taste. It should be borne in mind, however, that frequent laundering is necessary, and local laundries are sometimes destructive of good materials. The highest qualities of clothing therefore need not be considered essential.

For those who expect to wear evening dress, it may be said that the ordinary black dress clothes are too heavy for comfort, except in Guatemala City and San José (Costa Rica). White dinner jackets are usual, worn with either white or black trousers in accordance with local custom.

Precautions in regard to health are very simple, but they should be observed. Some travellers have themselves inoculated against typhoid fever before starting the journey; this is a wise precaution, and can be recommended. As a preventive of malaria, a five-grain tablet or capsule of quinine should be taken every night—say a hundred capsules for a three-months' trip. A small bottle of chlorodyne as a remedy for dysentery is occasionally useful, and it is customary to carry a little mosquito lotion (the mosquito, however, is not so much in evidence as reports would indicate). A supply of purgative medicine (pills or salts) is also essential.

Travellers should make a special point of never sitting in damp clothing, even for five minutes; a complete change should be made after a hot journey at the first available opportunity. It is also desirable to avoid drinking the water of the country—not that it is invariably bad, but it may be. Mineral waters are good and cheap. Alcoholic liquors should be rigidly avoided until after sunset.

The above precautions, combined with a liberal use of soap and water, are all that is essential to secure the maximum of comfort in a journey through Central America.

ROUTES

There are many routes which may be taken in covering the seven countries referred to in this report. The following, however, is suggested as the most suitable for a visitor from Canada who desires to make the journey in the shortest possible time (the figures in brackets represent the approximate fares in Canadian currency equivalents):—

Canada to British Honduras.—Belize, by the Canadian National Steamship Lines (\$250). Hotel accommodation at Belize is inferior.

British Honduras to Guatemala.—Belize to Puerto Barrios, by any available steamer, or by local launch (\$20). From Puerto Barrios, by rail to Guatemala City (\$15). Guatemala City should be made headquarters while canvassing the country. Hotels are excellent.

Guatemala to San Salvador.—The best route is by automobile. The hotel will make the necessary arrangements, and fares are subject to negotiation—usually from \$80 to \$100, but the expenses may be shared by two or more travellers. Leaving at 6 a.m., the town of Santa Ana (El Salvador) is reached the same evening. Hotels fair to good. Next morning the journey is continued by rail from Santa Ana to San Salvador (\$2.40). Hotels are good. Passports on this journey should be carried so as to be readily accessible.

El Salvador to Honduras.—There is a choice of routes, but all lead from San Salvador to the coast, and thence by steamer to Amapala, the Pacific port of Honduras. Local inquiries should be made in regard to steamer sailings. The best route is from San Salvador to La Unión by rail (\$6.37), stopping at the latter overnight if necessary (hotels fair). Thence by steamer to Amapala (\$8), whence a gasoline launch is taken to San Lorenzo (\$2).

There is usually a motor bus waiting on arrival of the launch; this goes direct to Tegucigalpa, stopping at Pespire overnight; it is better, however, to arrange for a private automobile to be in readiness at San Lorenzo, as this will enable the journey to be accomplished in a shorter time. Arrangements may be made by means of a telegram to the British consul at Tegucigalpa. The fare from San Lorenzo by motor bus is \$3 and by private automobile about \$60. Hotel accommodation at Tegucigalpa is only fair.

Honduras to Nicaragua.—Return over the route above outlined to Amapala (i.e. Tegucigalpa to San Lorenzo, and to Amapala by launch), and thence by steamer to Corinto (\$16). It will be necessary to stay overnight at Corinto and take the train the following morning from Corinto to Managua (\$3.90). Hotel accommodation at both places is inferior. Managua should be made headquarters while canvassing Nicaragua.

Nicaragua to Costa Rica.—Return to Corinto from Managua by rail (\$3.90), and thence by steamer from Corinto to Punta Arenas, the Pacific port of Costa Rica (\$32). As a rule, no stopover is necessary at Punta Arenas, and the best means of travel is to leave the questions of customs clearance and securing tickets on the railway to the express company, whose representative meets all boats. From Punta Arenas to San José the journey is continued by rail (\$7.50). San José should be made headquarters during the visit to Costa Rica; hotel accommodation is good.

Costa Rica to Panama.—From San José to Puerto Limon (on the Atlantic coast) by rail (\$6.12), whence steamer is taken to Cristobal (\$25). Cristobal is usually made headquarters while visiting Panama; hotel accommodation is excellent. The Isthmus may be crossed by rail (\$2.90) and the city of Panama, Balboa, and Ancon also visited.

The above itinerary includes visits to the seven countries of Central America, and enables the capitals of each to be visited with the minimum of effort, and in the shortest possible time.

From Panama no detailed schedule can be suggested in advance. If it is desired to visit the various Atlantic Coast ports of Nicaragua, Honduras, and Guatemala, recourse must be had to local information. The journey will be irregular, and in some cases arduous, but the results from the commercial point of view are frequently worth while.

If, on the other hand, it is now desired to return to Canada, or continue the journey to other countries, there are numerous steamers plying from Panama to all parts of the world, and practically all lines have agents who are in a position to provide full information. Sailings are also posted up daily in the hotels.

EXPENSES

The total of the fares mentioned above is approximately \$600 (excluding any fares from Panama on the return trip). Hotels, meals, and sundries should average \$10 to \$12 per day. Thus, making full allowance for the return journey and also for any necessary expenses of visits to interior points by mule, train, or other means, the total expenses for the journey should not exceed \$2,000, and the total time occupied should not exceed three months.

STATISTICAL SUMMARY

(a) Area and Population

	Area in Sq. Miles	Population	Density per Sq. Mile
Guatemala	48,290	2,450,000	50
El Salvador	13,183	1,650,000	125
Honduras	46,250	680,000	15
Nicaragua	49,200	640,000	13
Costa Rica	23,000	500,000	22
Panama	32,380	450,000	14
British Honduras	8,598	50,000	6
Total and average	220,901	6,420,000	29

(b) Units of Currency

	Name of Unit	Value in Canadian Currency
Guatemala	Quetzal	\$1.00
El Salvador	Colon	.50
Honduras	Lempira*	.50
Nicaragua	Cordoba	1.00
Costa Rica	Colon	.25
Panama	Balboa*	1.00
British Honduras	Dollar	1.00

* Not in practical use at the time of writing.

(c) Imports

	1922	1924	1926
Guatemala	\$ 8,437,957	\$14,548,716	\$21,084,178
El Salvador	7,426,760	14,005,559	16,866,000
Honduras	12,804,259	11,137,953	9,899,949
Nicaragua	5,123,505	8,806,896	10,254,512
Costa Rica	8,342,584	12,003,117	13,825,977
Panama	12,320,000*	12,140,000*	15,557,550
British Honduras	3,290,402	3,894,281	5,065,663
Total	\$57,745,467	\$76,536,522	\$92,553,829

* Approximate.

(d) Imports from Canada, Fiscal Year ending March 31

	1922	1924	1926
Guatemala	\$ 54,164	\$ 76,446	\$ 152,329
El Salvador	27,106	81,998	141,297
Honduras	143,422	196,450	169,879
Nicaragua	15,478	122,015	46,267
Costa Rica	95,717	136,010	215,050
Panama	181,321	207,322	483,650
British Honduras	152,275	354,272	513,078
Total	\$ 669,483	\$ 1,174,513	\$ 1,721,550

STATISTICAL SUMMARY—*Concluded***(f) Exports**

	1922	1924	1926
Guatemala	\$11,646,414	\$24,457,280	\$28,968,049
El Salvador	16,214,000	24,367,500	24,636,000
Honduras	5,386,406	7,897,046	13,456,001
Nicaragua	7,903,446	12,990,026	13,028,726
Costa Rica	14,220,776	16,565,233	18,962,180
Panama	2,322,000*	2,398,000*	3,618,614
British Honduras	2,817,597	3,337,744	3,928,790
Total	\$60,510,639	\$92,012,829	\$106,598,360

* Approximate.

(g) Exports to Canada, Fiscal Years ending March 31

	1922	1924	1926
Guatemala	\$ 237,234	\$ 324,843	\$ 256,523
El Salvador	33,212	94,179	54,623
Honduras . . . . .	.....	12,381	582,153
Nicaragua	189,363	16,593	78,665
Costa Rica	60,333	73,584	77,065
Panama . . . . .	.....	1,706	4,410
British Honduras	79,756	170,461	271,293
Total	\$ 598,898	\$ 693,747	\$ 1,324,732

INDEX

	PAGE		PAGE
Advertising—		Brewing—	
British Honduras.. . . .	116	El Salvador.. . . .	38
Costa Rica.. . . .	90	Guatemala.. . . .	13
El Salvador.. . . .	48	British Honduras—	
Honduras.. . . .	60	Advertising.. . . .	116
Guatemala.. . . .	31	Arms and ammunition, import of.. . . .	113
Nicaragua.. . . .	74	Automobiles, import of.. . . .	113
Panama.. . . .	99	Bacon, import of.. . . .	108
Alcohol—		Bananas, production of.. . . .	105
Nicaragua, product of.. . . .	65	Bags and sacks, import of.. . . .	113
Animals, Live—		Beans, import of.. . . .	108
Costa Rica, import of.. . . .	82	Boots and shoes, import of.. . . .	110
Area, Summary—		Butter, import of.. . . .	108
Statistics.. . . .	121	Cattle, import of.. . . .	108
Arms and Ammunition—		Chiclegum, import of.. . . .	109
British Honduras, import of.. . . .	113	Cities, principal.. . . .	103
Automobiles—		Climate.. . . .	101
Panama, import of.. . . .	97	Coconuts, production of.. . . .	105
Costa Rica, import of.. . . .	84	Commercial travellers' regulations.. . . .	116
El Salvador, import of.. . . .	42	Communications.. . . .	103
Guatemala, import of.. . . .	18	Confectionery, import of.. . . .	108
Honduras, import of.. . . .	54	Cordage, etc., import of.. . . .	113
British Honduras.. . . .	113	Cost of living.. . . .	117
Automobile accessories:		Cotton goods, import of.. . . .	109
Guatemala, import of.. . . .	18	Currency.. . . .	103
Bacon—		Documentation.. . . .	114
British Honduras, import of.. . . .	108	Dyes, production of.. . . .	104
Bags—		Exports (1925).. . . .	105
Guatemala, manufacture of.. . . .	13	Flour, import of.. . . .	107
Bags and Sacks, Cotton—		Fruits, other, production of.. . . .	105
British Honduras, import of.. . . .	113	Gasoline, import of.. . . .	109
Balata—		Geography.. . . .	101
Panama, production of.. . . .	93	Government.. . . .	112
Balsam of Peru—		Grapefruit, production of.. . . .	105
El Salvador, production of.. . . .	39	Haberdashery, import of.. . . .	110
Bananas—		Hams, import of.. . . .	108
British Honduras, production of.. . . .	105	Hardware, import of.. . . .	111
Costa Rica, production of.. . . .	80	Hats, import of.. . . .	111
Guatemala, production of.. . . .	13-14	History.. . . .	102
Honduras, production of.. . . .	53	Implements, import of.. . . .	112
Panama, production of.. . . .	93	Imports.. . . .	106
Nicaragua, export of.. . . .	66	Kerosene, import of.. . . .	109
Banking—		Lard, import of.. . . .	108
Guatemala.. . . .	10	Lumber.. . . .	109
Baskets—		Machinery, import of.. . . .	111
Guatemala, manufacture of.. . . .	13	Mahogany, export of.. . . .	104
Beans—		Mahogany, import of.. . . .	109
British Honduras, import of.. . . .	108	Medicines, import of.. . . .	111
Costa Rica, production of.. . . .	80	Milk, preserved, import of.. . . .	107
El Salvador, production.. . . .	39	Millinery, import of.. . . .	110
Guatemala, production of.. . . .	13	Natural resources.. . . .	104
Nicaragua, production of.. . . .	66	Office appliances, import of.. . . .	111
Bedsteads—		Paints, import of.. . . .	112
Panama, import of.. . . .	96	Paper, import of.. . . .	113
Beer—		Peas, import of.. . . .	108
Costa Rica, import of.. . . .	83	Perfumery, imports of.. . . .	112
Beverages—		Pork, import of.. . . .	107
Guatemala, import of.. . . .	20	Representation.. . . .	115
Nicaragua, import of.. . . .	69	Revenue.. . . .	103
Panama, import of.. . . .	96	Rice, import of.. . . .	108
Birdseed—		Rolling stock, import of.. . . .	113
Guatemala, import of.. . . .	22	Roofing, iron, import of.. . . .	113
Boots and Shoes—		Silks, import of.. . . .	109
British Honduras, import of.. . . .	110	Soap, import of.. . . .	111
Brandy—		Sugar, import of.. . . .	107
El Salvador, manufacture of.. . . .	38	Sugar cane, production of.. . . .	105
		Sundry imports.. . . .	114

	PAGE		PAGE
British Honduras—Con.		Coal—	
Tariff..	114	Guatemala, import of..	25
Tea, import of..	109	Cocoa—	
Timber, export of..	104	Panama, production of..	93
Tobacco, import of..	108	Costa Rica, production of..	80
Tools, general, import of..	113	Guatemala, production of..	13
Tractors and parts, import of..	110	Nicaragua, production of..	66
Trade marks..	117	Coconuts—	
Trucks, and parts, import of..	112	Honduras, production of..	53
Vegetables, import of..	108	Nicaragua, export of..	67
Wearing apparel, import of..	110	Panama, production of..	93
Brushes—		British Honduras, production of..	105
Guatemala, import of..	25	Coffee—	
Butter, Canned—		Costa Rica, production of..	80
Guatemala, import of..	22	El Salvador, production of..	38
Butter—		Guatemala, production of..	12-14
British Honduras, import of..	108	Honduras, production of..	53
Candles—		Nicaragua, export of..	66
El Salvador, manufacture of..	38	import of..	71
Guatemala, manufacture of..	13	Panama, production of..	93
Honduras, manufacture of..	53	Commercial Travellers' Regulations—	
Candy—		British Honduras..	116
El Salvador, manufacture of..	38	Costa Rica..	89
Canned Goods—		El Salvador..	49
Honduras, import of..	54	Guatemala..	30
Cattle—		Honduras..	60
British Honduras, import of..	108	Nicaragua..	74
Nicaragua, production of..	65	Panama..	100
Panama, production of..	93	Communications—	
Cedar—		British Honduras..	103
Guatemala, export of..	13	Costa Rica..	79
Cement—		El Salvador..	36
Panama, import of..	96	Guatemala..	11
Costa Rica, import of..	84	Honduras..	52
El Salvador, import of..	41	Nicaragua..	64
Guatemala, import of..	25	Panama..	92
Honduras, import of..	55	Confectionery—	
Nicaragua, import of..	71	British Honduras, import of..	108
Cheese—		Honduras, import of..	55
Guatemala, import of..	22	Cooking Utensils, Aluminium—	
Honduras, import of..	55	Guatemala, import of..	18
Chemicals—		Copper—	
Costa Rica, import of..	85	El Salvador, production of..	38
Honduras, import of..	55	Guatemala, production of..	13
Nicaragua, import of..	69	Cordage, etc.—	
Chicle—		British Honduras, import of..	113
Guatemala, production of..	13-14	Guatemala, import of..	25
British Honduras, import of..	109	Corn—	
Chinaware—		Nicaragua, export of..	67
Guatemala, import of..	24	Corn Oil—	
Honduras, import of..	56	Guatemala, import of..	22
Cigarettes—		Cosmetics—	
Costa Rica, import of..	86	Honduras, import of..	56
Costa Rica, manufacture of..	81	Cost of Living and Travel—	
Honduras, manufacture of..	53	Guatemala..	32
Nicaragua, manufacture of..	65	British Honduras..	117
Cigarettes and Cigars—		Costa Rica..	90
El Salvador, manufacture of..	38	Nicaragua..	75
Cities—		Costa Rica—	
British Honduras..	103	Advertising..	90
Costa Rica..	79	Animals, live, import of..	82
El Salvador..	36	Automobiles, import of..	84
Guatemala..	11	Bananas, production of..	80
Honduras..	51	Beans, production of..	80
Nicaragua..	65	Beer, import of..	83
Panama..	92	Cement, import of..	84
Climate—		Chemicals, import of..	85
British Honduras..	101	Cigarettes, import of..	86
El Salvador..	33	Cigarettes, manufacture of..	81
Guatemala..	9	Cities, principal..	79
Honduras..	50	Cocoa, production of..	83
Nicaragua..	62	Coffee, production of..	80
Clocks and watches—		Commercial travellers' regulations..	89
Guatemala, import of..	25	Communications..	79
		Cost of living..	90

PAGE

PAGE

<i>Costa Rica—Con.</i>		<i>Currency—Con.</i>	
Cotton goods, import of..	84	Guatemala..	10
Cotton goods, manufacture of..	81	Honduras..	51
Currency..	77	Nicaragua..	63
Documentation..	88	Panama..	92
Electrical apparatus..	85	Statistics..	121
Exports (1926-27)..	81	Documentation—	
Fencing wire, import of..	84	Costa Rica..	88
Fish, import of..	83	El Salvador..	46
Flour, import of..	82	British Honduras..	114
Foodstuffs, import of..	83	Guatemala..	28
Footwear, import of..	86	Honduras..	58
Footwear, manufacture of..	81	Nicaragua..	72
Fruits, production of..	80	Panama..	98
Gasoline, import of..	83	Drugs—	
Geography..	76	El Salvador, import of..	41
Gloves, import of..	86	Guatemala, import of..	24
Hardware, import of..	84	Nicaragua, import of..	69
Hats, import of..	86	Dyes—	
History..	76	British Honduras, production of..	104
Ice, manufacture of..	81	Dyewoods—	
Imports (1924-27)..	81	Nicaragua, export of..	67
Imports from Canada..	87	Earthenware—	
Iron, import of..	84	Guatemala, import of..	24
Jute sacks, import of..	86	Eggs—	
Lard, import of..	82	Honduras, import of..	55
Leather, import of..	86	Electrical Equipment—	
Machetes, import of..	86	Costa Rica, import of..	85
Machinery, import of..	84	Guatemala, import of..	17
Maize, production of..	80	Panama, import of..	96
Manufactures..	81	Electrical Machinery and Utensils—	
Manufactures, sundry, import of..	87	Honduras, import of..	55
Meats, prepared, import of..	83	El Salvador—	
Medicines, import of..	87	Advertising..	48
Milks, condensed, import of..	83	Automobiles, import of..	42
Nails, tacks, screws, import of..	84	Balsam of Peru, production of..	39
Natural resources..	80	Beans, production of..	39
Oils, vegetable, import of..	83	Brandy, manufacture of..	38
Paints, import of..	86	Brewing..	38
Paper, import of..	85	Candles, manufacture of..	38
Railway equipment, import of..	84	Candy, manufacture of..	38
Representation..	88	Cement, import of..	41
Rice, import of..	82	Cigars and Cigarettes, manufacture of..	38
Rice, production of..	80	Cities, principal..	36
Rolling stock, import of..	87	Climate..	33
Rubber goods, import of..	86	Coffee, production of..	38
Rubber, production of..	80	Commercial travellers' regulations..	49
Silk, import of..	85	Communications..	36
Spirits, import of..	83	Copper, production of..	38
Steel, import of..	84	Cotton, production of..	39
Sugar, production of..	80	Currency..	34
Tariff..	87	Documentation..	46
Timber, import of..	83	Drugs, import of..	41
Timber, production of..	80	Exports..	39
Tobacco, import of..	86	Fish (canned), import of..	40
Tobacco, production of..	80	Flour, import of..	40
Tools, import of..	86	Forest products..	38
Trade marks..	90	Frijoles, production of..	39
Vegetables, production of..	80	Fruits, import of..	41
Wines, import of..	82	Gasoline, import of..	41
Woollen goods, import of..	85	Geography..	33
<i>Cotton Goods—</i>		Gold, production of..	38
British Honduras, import of..	109	Henequen, production of..	39
Costa Rica, import of..	84	History..	34
Nicaragua, import of..	68	Imports (1923-24-25)..	40
Costa Rica, manufacture of..	81	Imports from Canada..	42
Guatemala, manufacture of..	13	Indigo, production of..	39
Nicaragua, production of..	66	Iron, production of..	38
<i>Cotton—</i>		Lard, import of..	40
El Salvador, production of..	39	Lead, production of..	38
Nicaragua, export of..	67	Leather, import of..	41
<i>Currency—</i>		Leather goods, manufacture of..	38
British Honduras..	103	Maize, production of..	38
Costa Rica..	77	Malt, import of..	41
El Salvador..	34	Manufacturing..	38

	PAGE		PAGE
El Salvador— <i>Con.</i>		Fruits—	
Medicine, import of..	41	Fruit (Fresh)—	
Mineral production..	38	British Honduras, production of..	105
Mineral waters, manufacture of..	38	Costa Rica, production of..	80
Natural resources..	38	El Salvador, import of..	41
Oils, import of..	41	Guatemala, import of..	21
Packing (method of shipments)..	44	Honduras, import of..	55
Paints, import of..	41	Nicaragua, import of..	70
Political divisions..	37	Fur—	
Population..	34	Guatemala, import of..	24
Public debts..	35	Gasoline—	
Quicksilver, production of..	38	British Honduras, import of..	109
Representation..	47	Costa Rica, import of..	83
Silver, production of..	38	El Salvador, import of..	41
Sisal, production of..	39	Honduras, import of..	56
Soap, manufacture of..	38	Nicaragua, import of..	70
Sugar cane, production of..	39	Geography—	
Taxation..	34	British Honduras..	101
Tariff..	42	Costa Rica..	76
Textiles, import of..	41	El Salvador..	33
Timber, import of..	41	Guatemala..	9
Trade marks..	49	Honduras..	50
Vegetables, import of..	41	Nicaragua..	62
Zinc, production of..	38	Panama..	91
Enamelled Goods—		Glassware—	
Panama, import of..	96	Guatemala, import of..	24
Equipment for Travel..	120	Honduras, import of..	56
Expense of Travel..	120	Gloves—	
Explosives—		Costa Rica, import of..	86
Guatemala, import of..	25	Gold—	
Exports (1922-26)—from Canada..	122	El Salvador, production of..	38
Exports—		Guatemala, production of..	13
British Honduras..	105	Nicaragua, export of..	66
Costa Rica..	81	Granite Ware—	
El Salvador..	39	Guatemala, import of..	18
Guatemala..	12	Grapefruit—	
Honduras..	53	British Honduras, production of..	105
Nicaragua..	65	Groceries—	
Panama..	94	Guatemala, import of..	22
Fencing Wire—		Guatemala—	
Costa Rica, import of..	84	Advertising..	31
Guatemala, import of..	19	Automobiles, import of..	18
Fertilizers—		Automobile accessories, import of..	18
Guatemala, import of..	25	Bags, manufacture of..	13
Fireworks—		Bananas, production of..	13-14
Guatemala, import of..	25	Banking..	10
Fish—		Baskets, manufacture of..	13
Costa Rica, import of..	83	Beans, production of..	13
Guatemala, import of..	21	Beverages, import of..	20
Fish (Canned)—		Birdseed, import of..	22
El Salvador, import of..	40	Books, import of..	25
Fish Products—		Brewing..	13
Nicaragua, import of..	71	Brushes, import of..	25
Flour—		Butter, canned, import of..	22
British Honduras, import of..	107	Candles, manufacture of..	13
Costa Rica, import of..	82	Cedar, export of..	13
El Salvador, import of..	40	Cement, import of..	25
Guatemala, import of..	20	Cheese, import of..	22
Honduras, import of..	55	Chicle, production of..	13-14
Nicaragua, import of..	68	Chinaware, import of..	24
Flour Milling—		Cities, principal..	11
Guatemala..	13	Climate..	9
Foodstuffs—		Clocks and Watches, import of..	25
Costa Rica, import of..	83	Coal, import of..	25
Guatemala, import of..	20	Cocoa, production of..	13
Food products—		Coffee, export of..	12-14
Nicaragua, import of..	69	Commercial travellers' regulations..	30
Footwear—		Communications..	11
Costa Rica, import of..	86	Cooking utensils, aluminum, import of..	18
Costa Rica, manufacture of..	81	Copper, production of..	13
Forest Products—		Cordage, etc., import of..	25
El Salvador..	38	Corn oil, import of..	22
Frijoles—		Cost of living and travel..	32
El Salvador, production of..	39	Cotton, manufacture of..	13
		Currency..	10

	PAGE		PAGE
Guatemala—Con.		Guatemala—Con.	
Documentation..	28	Salmon, import of..	21
Drugs, import of ..	24	Salt, table, import of ..	22
Earthenware, import of..	24	Sardines, import of..	21
Electrical equipment, import of..	17	Sewing machines, import of..	19
Explosives, import of..	25	Shoes, manufacture of..	13
Exports..	12	Shoe polish, import of..	25
Fence wire, import of..	19	Shoes, rubber and canvas, import of..	25
Fertilizers, import of..	25	Silver, production of ..	13
Fireworks, import of..	25	Soaps, import of ..	22-25
Fish, import of..	21	Soap, manufacture of..	13
Flour, import of..	20	Straw hats, manufacture of..	13
Flour milling..	13	Sugar, production of..	13-14
Foodstuffs, import of..	20	Sundries, import of..	25
Fruits, fresh, import of..	21	Tariff..	26
Fur, import of..	24	Tariff, export..	27
Geography..	9	Taxation..	11
Glassware, import of..	24	Textiles, import of..	15-16
Gold, production of..	13	Textiles in demand..	16-17
Graniteware, import of..	18	Timber, import of ..	23
Groceries, import of..	22	Timber, production of..	13-14
Hardware, import of..	19	Tinware..	18
Hats, import of..	25	Tires, import of..	25
Hides, production of..	13	Tobacco, manufacture of..	13
History..	9	Tools, import of..	18
Honey, production of..	13-14	Toys, import of..	25
Hops, import of..	25	Trade marks..	31
Imports (1922-24-26)..	14	Travelling bags, import of..	25
Iron, import of..	17	Tubes and pipes, import of..	19
Iron, production of..	13	Typewriters, import of..	19
Iron goods, import of..	23	Wheat, production of..	13
Iron sheets, galvanized, import of..	18	Wooden goods, import of..	23
Ironwork, structural, import of..	19	Umbrellas, import of..	25
Lanterns and lamps, import of..	25	Cooking utensils (aluminium), import of..	18
Lead, production of..	13	Utensils, domestic, import of..	18
Leather, import of..	24	Vegetables, import of..	21
Liquor, import of..	22	Haberdashery—	
Lobster (canned), import of..	21	British Honduras, import of..	110
Machetes, import of..	18	Hams—	
Machinery, import of..	17	British Honduras, import of..	108
Machinery (agricultural), import of..	19	Hardware—	
Machinery (power), import of..	18	British Honduras, import of..	111
Mahogany, export of..	13	Costa Rica, import of..	84
Maize, import of..	20	Guatemala, import of..	19
Maize, production of..	12	Panama, import of..	96
Malt, import of..	25	Hardwoods—	
Manufacturing..	13	Honduras, production of..	53
Matches, import of..	25	Nicaragua, export of..	66
Medicines, import of..	24	Panama, production of..	93
Metals (other), import of..	17	Hats—	
Milk, (condensed), import of..	22	British Honduras, import of..	111
Minerals, production of..	13-14	Costa Rica, import of..	86
Mirrors, import of..	25	Guatemala, import of..	25
Motorcycles, import of..	25	Honduras, manufacture of..	53
Motor trucks, import of..	18	Hemequen—	
Musical instruments, import of..	25	El Salvador, production of..	39
Nails, import of..	19	Hides—	
Natural resources..	12	Guatemala, production of..	13
Oil, production of..	13	Nicaragua, export of..	67
Oysters, import of..	21	History—	
Packing house products, import of..	21	British Honduras..	102
Paint, import of..	25	Costa Rica..	76
Paper, import of..	24	El Salvador..	34
Petroleum products, import of..	25	Guatemala..	9
Phonographs, import of..	25	Honduras..	50
Pickles, import of..	22	Nicaragua..	63
Pipes and tubes, import of..	19	Panama ..	91
Ploughs, import of..	19	Honduras—	
Plumbing supplies, import of..	25	Advertising..	60
Potatoes, production of..	13	Automobiles, import of..	54
Pottery, manufacture of..	13	Bananas, production of..	55
Railway equipment, import of..	17	Candles, manufacture of..	53
Representation..	29	Canned goods, import of..	54
Rice, production of..	13	Cement, import of..	55
Saddlery, manufacture of..	13	Cheese, import of..	55

	PAGE		PAGE
Honduras— <i>Con.</i>		Imports from Canada—	
Chemicals, import of..	55	Cost Rica..	87
China ware, import of..	56	El Salvador..	42
Cigarettes, manufacture of..	53	Honduras..	58
Cities, (principal)..	51	Panama..	97
Climate..	50	General statistics..	121
Coconuts, production of..	53	Indigo—	
Coffee, production of..	53	El Salvador, production of..	39
Commercial travellers' regulations..	60	Iron sheets, galvanized—	
Communications..	52	Guatemala, import of..	18
Confectionery, import of..	55	Iron—	
Cosmetics, import of..	56	Costa Rica, import of..	84
Currency..	51	Guatemala, import of..	17-19-23
Documentation..	58	Iron, structural—	
Eggs, import of..	55	Honduras, import of..	55
Electrical machinery and utensils, import of..	55	Iron—	
Exports (1923-26)..	53	Nicaragua, import of..	69
Flour, import of..	55	Panama, import of..	96
Fruits, import of..	55	El Salvador, production of..	38
Gasoline, import of..	56	Guatemala, production of..	13
Geography..	50	Ivory Nuts—	
Glassware, import of..	56	Panama, production of..	93
Hardwoods, production of..	53	Jute Sacks—	
Hats, manufacture of..	53	Costa Rica, import of..	86
History..	50	Nicaragua, import of..	70
Imports (1925-26-27)..	53	Kerosene—	
Imports from Canada..	58	British Honduras, import of..	109
Iron, structural, manufacture of..	55	Lanterns and Lamps—	
Lard, import of..	56	Guatemala, import of..	25
Leather manufactures, import of..	56	Lard—	
Liquors, import of..	56	British Honduras, import of..	108
Liquors, manufacture of..	53	Costa Rica, import of..	82
Machetes, import of..	57	El Salvador, import of..	40
Maize, production of..	53	Honduras, import of..	56
Manufacturing..	53	Nicaragua, export of..	67
Medicines, import of..	56	Lead—	
Milk (condensed), import of..	56	El Salvador, production of..	38
Mineral waters, manufacture of..	53	Guatemala, production of..	13
Natural resources..	53	Leather—	
Oils, import of..	56	Costa Rica, import of..	86
Paints, import of..	55	El Salvador, import of..	41
Paper, import of..	56	Guatemala, import of..	24
Perfumes, import of..	56	Leather Goods—	
Porcelain, import of..	56	Honduras, import of..	56
Representation..	59	Nicaragua, import of..	69
Rolling stock, import of..	57	Panama, import of..	96
Rubber goods, import of..	57	El Salvador, manufacture of..	38
Shoes, manufacture of..	53	Liquors—	
Silver, production of..	53	Guatemala, import of..	22
Soaps, import of..	57	Honduras, import of..	56
Soap, manufacture of..	53	Honduras, manufacture of..	53
Steel, structural, import of..	55	Lobster, Canned—	
Sugar, import of..	57	Guatemala, import of..	21
Sugar, production of..	53	Lumber—	
Tariff..	58	British Honduras, import of..	109
Textiles, import of..	57	Machetes—	
Timber, import of..	57	Costa Rica, import of..	86
Tobacco, production of..	53	Honduras, import of..	57
Tools, import of..	57	Guatemala, import of..	18
Trade marks..	60	Machinery—	
Wheat, import of..	57	British Honduras, import of..	111
Vegetables, import of..	55	Costa Rica, import of..	84
Honey—		Guatemala, import of..	17
Guatemala, production of..	13-14	Panama, import of..	97
Hops—		Mahogany—	
Guatemala import of..	25	British Honduras, export of..	104
Ice—		import of..	109
Costa Rica, manufacture of..	81	Guatemala, export of..	13
Imports—		Maize—	
British Honduras..	106	Costa Rica, production of..	80
Costa Rica (1924-26)..	81	El Salvador, production of..	38
El Salvador (1923-25)..	40	Guatemala, import of..	20
Guatemala (1922-26)..	14	production of..	12
Honduras (1925-27)..	53	Honduras, production of..	53
Nicaragua (1920-27)..	67	Nicaragua import of..	71
Panama..	94	production of..	66
General statistics..	121		

	PAGE		PAGE
Malt—		Nicaragua— <i>Con.</i>	
El Salvador, import of..	41	Climate..	62
Guatemala, import of..	25	Cocoa, production of..	66
Manufacturing—		Coconuts, export of..	67
Costa Rica..	81	Coffee, export of..	66
El Salvador..	38	Coffee, import of..	71
Guatemala..	13	Commercial travellers' regulations..	74
Honduras..	53	Communications..	64
Nicaragua..	65	Corn, export of..	67
Panama..	94	Cost of Living..	75
Matches—		Cotton, export of..	67
Guatemala, import of..	25	Cotton cloth, production of..	66
Meat Products—		Cotton goods, import of..	68
Costa Rica, import of..	83	Currency..	63
Guatemala, import of..	21	Documentation..	72
Nicaragua, import of..	70	Drugs, import of..	69
Medicines—		Dyewoods, export of..	67
British Honduras, import of..	111	Exports..	65
Costa Rica, import of..	87	Fish products..	71
El Salvador, import of..	41	Flour, import of..	68
Guatemala, import of..	24	Fruits, import of..	70
Honduras, import of..	56	Food products, import of..	69
Panama, import of..	96	Gasoline, import of..	70
Milk, Preserved—		Geography..	62
British Honduras, import of..	107	Gold, export of..	66
Costa Rica, import of..	83	Hardwoods, export of..	66
Guatemala, import of..	22	Hides, export of..	67
Honduras, import of..	56	History..	63
Millinery—		Imports (1920-24-26-27)..	67
British Honduras, import of..	110	Iron, import of..	69
Minerals—		Jute sacks, import of..	70
El Salvador, production of..	38	Lard, export of..	67
Guatemala, production of..	13-14	Leather goods, import of..	67
Panama, production of..	94	Maize, import of..	71
Mineral Waters—		Maize, production of..	66
El Salvador, manufacture of..	38	Manufacturing..	65
Honduras, manufacture of..	53	Meat products..	70
Mirrors—		Natural resources..	65
Guatemala, import of..	25	Paints..	71
Mother of Pearl—		Paper products, import of..	70
Panama, production of..	93	Petroleum, import of..	70
Motoreycles—		Representation..	73
Guatemala, import of..	25	Rice, import of..	71
Motor Trucks—		Rice, production of..	66
Guatemala, import of..	18	Rosin, export of..	67
Musical Instruments—		Rubber, export of..	66
Guatemala, import of..	25	Shoes, production of..	65
Panama, import of..	97	Silk, import of..	70
Nails, Tacks, Screws—		Silver, export of..	67
Costa Rica, import of..	84	Soap, production of..	66
Nails—		Steel, import of..	69
Guatemala, import of..	19	Sundry exports..	67
Panama, import of..	96	Sundry imports..	71
Natural Resources—		Sugar, export of..	66
British Honduras..	104	Sugar, import of..	71
Costa Rica..	80	Sugar, production of..	66
El Salvador..	38	Tariff..	71
Guatemala..	12	Taxation..	64
Honduras..	53	Trade marks..	74
Nicaragua..	65	Woollen goods..	70
Panama..	93	Vegetables, import of..	70
Nicaragua—		Office Appliances—	
Advertising..	74	British Honduras, import of..	111
Agriculture..	66	Panama, import of..	97
Alcohol, production of..	65	Oil—	
Bananas, export of..	66	Guatemala, production..	13
Beans, production of..	66	Panama, production..	94
Beverages, import of..	69	Oils—	
Cattle, production of..	65	Costa Rica, import of..	83
Cement, import of..	71	El Salvador, import of..	41
Chemicals, import of..	69	Honduras, import of..	56
Cigarettes, production of..	65	Panama, import of..	96
Cities, principal..	65	Oysters—	
		Guatemala, import of..	21

	PAGE		PAGE
Paints—		Peas—	
British Honduras, import of..	112	British Honduras, import of..	108
Costa Rica, import of..	86	Perfumery—	
El Salvador, import of..	41	British Honduras, import of..	112
Guatemala, import of..	25	Honduras, import of..	56
Honduras, import of..	55	Panama, import of..	96
Nicaragua, import of..	71	Petroleum—	
Panama, import of..	96	Guatemala, import of..	25
Panama—		Nicaragua, import of..	70
Advertising..	99	Phonographs—	
Automobiles, import of..	97	Guatemala, import of..	25
Balata, production of..	93	Pickles—	
Bananas, production of..	93	Guatemala, import of..	22
Bedsteads, import of..	96	Pipes and Tubes—	
Beverages, import of..	96	Guatemala, import of..	19
Cattle, production of..	93	Plumbing Supplies—	
Cement, import of..	96	Guatemala, import of..	25
Cities, principal..	92	Population—	
Cocoa, production of..	93	Statistics..	121
Coconuts, production of..	93	Porcelain—	
Coffee, production of..	93	Honduras, import of..	56
Commercial travellers' regulations..	100	Pork—	
Communications..	92	British Honduras, import of..	107
Currency..	92	Potatoes—	
Documentation..	98	Guatemala, production of..	13
Electric equipment, import of..	96	Pottery—	
Enamelled goods, import of..	96	Guatemala, manufacture of..	13
Exports..	94	Quicksilver—	
Geography..	91	El Salvador, production of..	38
Hardware, import of..	96	Railway Equipment—	
Hardwoods, production of..	93	Costa Rica, import of..	84
History..	91	Guatemala, import of..	17
Imports..	94	Representation—	
Imports, class of..	97	British Honduras..	115
Imports from Canada..	97	Costa Rica..	88
Imports of interest to Canadian firms..	95	El Salvador..	47
Iron, import of..	96	Honduras..	59
Ivory nuts, production of..	93	Guatemala..	29
Leather goods, import of..	96	Nicaragua..	73
Machinery, agricultural, import of..	97	Panama..	99
Machinery, electrical, import of..	97	Rice—	
Manufacturing..	94	British Honduras, import of..	108
Machinery, general, import of..	97	Costa Rica, import of..	82
Medicines, import of..	96	Nicaragua, import of..	71
Minerals, production of..	94	Rice—	
Mother of Pearl, production of..	93	Costa Rica, production of..	80
Musical instruments, import of..	97	Guatemala, production of..	13
Nails, import of..	96	Nicaragua, production of..	66
Natural resources..	93	Roofing, Iron—	
Office appliances..	97	British Honduras, import of..	113
Oil, production of..	94	Rolling Stock—	
Oils, mineral, import of..	96	British Honduras, import of..	113
Paints, import of..	96	Costa Rica, import of..	87
Paper, import of..	96	Honduras, import of..	57
Perfumery, import of..	96	Rosin—	
Representation..	99	Nicaragua, export of..	67
Rubber goods, import of..	96	Rubber Goods—	
Rubber, production of..	93	Costa Rica, import of..	86
Steelwork, structural, import of..	96	Honduras, import of..	57
Sugar cane, production of..	93	Panama, import of..	96
Tariff..	98	Rubber—	
Textiles, import of..	96	Costa Rica, production of..	80
Timber construction, import of..	96	Nicaragua, export of..	66
Tobacco, production of..	93	Panama, production of..	93
Tortoiseshell, production of..	93	Saddlery—	
Trade marks..	117	Guatemala, manufacture of..	13
Tubing, import of..	96	Salmon—	
Wire, barbed, import of..	96	Guatemala, import of..	21
Paper—		Salt. Table—	
British Honduras, import of..	113	Guatemala, import of..	22
Costa Rica, import of..	85	Sardines—	
Guatemala, import of..	24	Guatemala, import of..	21
Honduras, import of..	56		
Nicaragua, import of..	70		
Panama, import of..	96		

	PAGE		PAGE
Sewing Machines—		Tariff—Con.	
Guatemala, import of..	19	Guatemala..	26-27
Shoes—		Honduras..	58
Guatemala, manufacture of..	13	Nicaragua..	71
Honduras, manufacture of..	53	Panama..	98
Nicaragua, manufacture of..	65	Taxation—	
Shoe Polish—		El Salvador..	34
Guatemala, import of..	25	Guatemala..	11
Shoes, Rubber and Canvas—		Nicaragua..	64
Guatemala, import of..	25	Tea—	
Silk—		British Honduras, import of..	109
British Honduras, import of..	109	Textiles—	
Costa Rica, import of..	85	El Salvador, import of..	41
Nicaragua, import of..	70	Guatemala, import of..	15-16
Spirits—		Honduras, import of..	57
Costa Rica, import of..	83	Panama, import of..	96
Silver—		Textiles in Demand—	
El Salvador, production of..	38	Guatemala..	16-17
Guatemala, production of..	13	Timber—	
Honduras, production of..	53	British Honduras, production of..	104
Nicaragua, export of..	67	Costa Rica, production of..	80
Sisal—		Costa Rica, import of..	83
El Salvador, production of..	39	El Salvador, import of..	41
Soap—		Guatemala, import of..	23
British Honduras, import of..	111	Guatemala, production of..	13
Guatemala, import of..	22-25	Honduras, import of..	57
Honduras, import of..	57	Panama, import of..	96
El Salvador, manufacture of..	38	Tinware—	
Guatemala, manufacture of..	13	Guatemala..	18
Honduras, manufacture of..	53	Tires—	
Nicaragua, manufacture of..	66	Guatemala, import of..	25
Statistics—		Tobacco—	
Area..	121	British Honduras, import of..	108
Currency..	121	Costa Rica, import of..	86
Exports (1922-24-26)..	122	production of..	80
Exports to Canada..	122	Guatemala, production of..	13
Imports..	121	Honduras, production of..	53
Imports from Canada..	121	Panama, production of..	93
Population..	121	Tools—	
Summary..	121	British Honduras, import of..	113
Steel—		Costa Rica, import of..	86
Costa Rica, import of..	84	Guatemala, import of..	18
Nicaragua, import of..	69	Honduras, import of..	57
Honduras, import of..	55	Tortoiseshell—	
Steelwork, Structural—		Panama, production of..	93
Panama, import of..	96	Toys—	
Straw Hats—		Guatemala, import of..	25
Guatemala, manufacture of..	13	Tractors and Parts—	
Sugar—		British Honduras, import of..	110
British Honduras, import of..	107	Trade Marks—	
Honduras, import of..	57	British Honduras..	117
Nicaragua, import of..	71	Costa Rica..	90
Costa Rica, production of..	80	El Salvador..	49
Guatemala, production of..	13-14	Guatemala..	31
Honduras, production of..	53	Honduras..	61
Nicaragua, production of..	66	Nicaragua..	74
Sugar-cane—		Travelling Bags—	
British Honduras, production of..	105	Guatemala, import of..	25
El Salvador, production of..	39	Travel in Central America..	118
Panama, production of..	93	Trucks and Parts—	
Sundry Imports—		British Honduras, import of..	112
British Honduras..	114	Tubing—	
Costa Rica..	87	Guatemala, import of..	19
Guatemala..	25	Panama, import of..	96
Nicaragua..	71	Typewriters—	
Tariff—		Guatemala, import of..	19
British Honduras..	114		
Costa Rica..	87		
El Salvador..	42		

	PAGE		PAGE
Umbrellas—		Wheat—	
Guatemala, import of..	25	Guatemala, production of..	13
Utensils, Cooking, Aluminium—		Honduras, import of..	57
Guatemala, import of..	18	Wines—	
Utensils, Domestic—		Costa Rica, import of..	82
Guatemala, import of..	18	Wire, Barbed—	
Vegetables—		Panama, import of..	96
British Honduras, import of..	108	Wooden Goods—	
Costa Rica, production of..	80	Guatemala, import of..	23
El Salvador, import of..	41	Woollen Goods—	
Guatemala, import of..	21	Costa Rica, import of..	85
Honduras, import of..	55	Nicaragua, import of..	70
Nicaragua, import of..	70	Zinc—	
Wearing Apparel—		El Salvador, production of..	38
British Honduras, import of..	110		

